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13–17 November 2023
Pattaya, Thailand

**REPORT OF THE
INTERNATIONAL TROPICAL TIMBER COUNCIL
AT ITS FIFTY-NINTH SESSION**

Pattaya, Thailand

13–17 November 2023

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KEY ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank
AFoCO	Asian Forest Cooperation Organization
APEC	Asia-Pacific Economic Cooperation
APFNet	Asia-Pacific Network for Sustainable Forest Management and Rehabilitation
BWP	Biennial Work Programme
CBD	Convention on Biological Diversity
CEM	Committee on Economics, Statistics and Markets
CFA	Committee on Finance and Administration
CFI	Committee on Forest Industry
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
COFO	Committee on Forestry
COP	Conference of the Parties
CPF	Collaborative Partnership on Forests
CRF	Committee on Reforestation and Forest Management
CSAG	Civil Society Advisory Group
EGILAT	Experts Group on Illegal Logging and Associated Trade
EU	European Union
EUDR	EU Deforestation Regulation
EU FLEGT	European Union Forest Law Enforcement, Governance and Trade
FAO	Food and Agriculture Organization of the United Nations
GCF	Green Climate Fund
GEF	Global Environment Facility
IAG	Informal Advisory Group
IDF	International Day of Forests
IMM	Independent Market Monitor
INBAR	International Bamboo and Rattan Organization
IPIM	Macau Trade and Investment Promotion Institute
ITTA	International Tropical Timber Agreement
ITTC	International Tropical Timber Council
ITTO	International Tropical Timber Organization
IUCN	International Union for Conservation of Nature
IUFRO	International Union of Forest Research Organizations\
JCM	Joint Crediting Mechanism
MOU	Memorandum of Understanding
NBSAPs	National Biodiversity Strategies and Action Plans
SDG	Sustainable Development Goal
SW4SW	Sustainable Wood for a Sustainable World
TAG	Trade Advisory Group
UNCTAD	United Nations Trade and Development
UNEP	United Nations Environment Programme
United Kingdom	United Kingdom of Great Britain and Northern Ireland
UNFCCC	United Nations Framework Convention on Climate Change
UNFF	United Nations Forum on Forests
USA	United States of America
USD	United States Dollar(s)

OPENING OF THE SESSION (AGENDA ITEM 1)

1. The 59th Session of the International Tropical Timber Council (ITTC, the Council), held in Pattaya, Thailand, was opened by the Chairperson, Dr Mohammed Nurudeen Iddrisu (Ghana). He acknowledged, with appreciation, the longstanding support for ITTO from the Government of Thailand. He thanked the Secretariat and the Royal Forestry Department of Thailand for their tireless work in enabling the session. He recognized the presence of several high-level government representatives.
2. Dr Iddrisu said these were unprecedented times, with most countries experiencing record high temperatures as well as forest fires, storms, floodings and other severe events affecting millions of people and threatening biodiversity and livelihoods. In addition, new hostilities had risen between nations, clouding the outlook for the 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs). Forests, and especially tropical forests, were in the eye of the storm, and despite clear recognition of their critical importance as a viable solution to the global challenges, funding for their sustainable management was falling short.
3. Dr Iddrisu said the future of the International Tropical Timber Agreement (ITTA) would be a crucial item on the Council agenda at this session, and he expressed hope that all delegates would reflect on what was at stake. The resilience of people and societies could be increased by safeguarding tropical forests and strengthening the supply chains that connected markets with the resource base and its inhabitants. This was an essential part of ITTO's mission, which contributes directly to the achievement of several international commitments.
4. Dr Iddrisu acknowledged the progress ITTO had made in recent years under the leadership of Executive Director Sheam Satkuru. ITTO had become a major international advocate for further urgent investment in tropical forestry. ITTO field projects continue to deliver innovative solutions on several fronts, such as landscape restoration, fire management, the empowerment of women, legal and sustainable timber supply chains, combating illegal logging and strengthening forest governance. Coordination and cooperation with other agencies had been greatly advanced, and the Organization's new financial architecture has come to the fore. Despite the progress made, however, the tropical timber sector faced many challenges, which would be discussed during Trade and Markets Day.
5. Dr Iddrisu said the ability to scale up the impact of ITTO work was limited by the funding received, not only in voluntary contributions but also the punctual payment of assessed contributions to the administrative budget. The Council would deliberate further on this under a dedicated agenda item. He urged all members and donors to increase their efforts to ensure the Organization obtained sufficient funding in accordance with its mandate. He wished delegates a successful week.
6. The Governor of Chon Buri Province, Mr Thawatchai Srithong, said it was his great honour to welcome delegates to beautiful, vibrant Pattaya City. It was the honour of the province to provide the backdrop for the Council session, which he expected to strengthen cooperation and seek the restoration and sustainable management of global tropical timber resources. Mr Thawatchai described some of the features of Chon Buri Province, including its role in Thailand's Eastern Economic Corridor initiative, which was designed to boost economic growth, attract foreign investment and promote innovation, technology and sustainability. In line with this vision, the province would play a vital role as a hub of industry logistics and sustainable development.
7. Mr Thawatchai said tropical forestry was a globally significant industry with far-reaching impacts on development, economics and livelihoods. It was a collective responsibility to ensure that the resource was managed in accordance with ecosystem conservation. He expressed his gratitude to ITTO and the Royal Forest Department for choosing Chon Buri Province as the venue of the 59th Council session. He wished delegates a pleasant stay.
8. The Mayor of Pattaya City, Mr Poramet Ngampichet, welcomed delegates to Pattaya City. He said Pattaya was more than a city, with its mix of cultures and beautiful natural environment. The city was happy to host the Council session. He described some of Pattaya's attractions and encouraged delegates to use the opportunity to explore the city.
9. Mr Roberto Seminario Portocarrero, Ambassador of Peru to Japan, thanked the Government of Thailand and local authorities for hosting the session. He said Peru was ranked ninth globally for forest cover and fourth for tropical forest cover, and it had the second-largest area of Amazonian forest. Peru has been

a member of ITTO since 1986, and it has received support for the implementation of more than 50 forestry projects, with a total financing of about USD 20 million. These projects had made a valuable contribution to sustainable tropical forest management in Peru, and thanks were due to both the Organization and donors.

10. Peru hosted the 28th and 53rd sessions of the Council in Lima in 2000 and 2017, respectively, and it also held the chair several times. Mr Seminario thanked the Organization for the recent support Peru received through project PD 932/23 on the dissemination of knowledge and experiences in the conservation of mahogany on the country's northern coast, the implementation of which would commence soon, with funding from the Republic of Korea. Mr Seminario thanked ITTO for support on the implementation of project PPA 56/340 on forest fire management and PD 852/17 on the formulation of a regional strategy for the recovery and restoration of degraded lands on the country's south coast, for which the donors were Japan and the USA.
11. Mr Seminario said Peru recognized ITTO's important role in various aspects of sustainable forest management, such as forest restoration, wood-use efficiency, the competitiveness of timber products, market information and transparency, supply chains, forest law enforcement and governance, illegal logging, biodiversity conservation, climate-change mitigation and adaptation, and the contributions of forest products and services to livelihoods. There was a need, therefore, for ITTO to continue supporting policies and project financing, which should prioritize sustainable forest management and legal and sustainable supply chains. Peru has three concept notes and two projects awaiting finance, and Mr Seminario expressed hope that some of these would be financed during this session. He said Peru reaffirmed its commitment to participate in all the necessary activities to ensure the financing of ITTO and the achievement of its objectives.
12. The Director-General of the Royal Forestry Department of Thailand, Mr Surachai Achalaboon, said the basis of ITTO was the ITTA, the objective of which was to develop sustainable tropical timber production and trade. ITTO now has 75 member countries, in two groups comprising producers and consumers. Thailand was classified as a producer country, and the Royal Forest Department was its official contact point. The Royal Forestry Department organized the 59th Session of Council, with excellent cooperation from the ITTO Secretariat, other Thai government agencies, the Government of Chon Buri Province, the Mayor of Pattaya City, and various other organizations.
13. Ms Chayanan Pakdeejit, Deputy Permanent Secretary of Thailand's Ministry of Natural Resources and Environment, extended a warm welcome to delegates on behalf of the host government. She expressed admiration for Ms Satkuru, ITTO's first female Executive Director. Under her able leadership, Ms Chayanan was confident ITTO would attain further success. She alluded to the challenge of combating illegal logging and associate trade, which requires immediate action by the international community. There is a need to implement effective policies and share information and best practices to promote legal timber trade. Thailand's priority is to strengthen cooperation with international organizations and other relevant stakeholders, especially the private sector, to combat illegal logging, as well as to promote legal timber trade and encourage the use of sustainably produced wood. She hopes ITTO would continue to share its expertise and experiences on sustainable tropical forest management.
14. Ms Pakdeejit said there is a need to promote scientific exchanges to improve policies on sustainable forest management and legal timber trade. It is also important for ITTO to support efforts on climate-change mitigation, adaptation and resilience through sustainable forest management, conservation, reforestation, afforestation and sustainable wood use. She thanked the ITTO Secretariat, the Governor of Chon Buri Province, the Mayor of Pattaya City, the Director General of the Royal Forest Department and their staff for their work in organizing the session.
15. Her Excellency, Ms Ana Maria Prieto Abad, Ambassador of Colombia to Thailand, said that, in addition to being the third-most biodiverse territory in the world, Colombia is also multi-ethnic and multicultural and has 59.5 million ha of natural forest, 52.1% of the total land area. They are among the most surprising forests on the planet because of their great diversity, including the Amazon rainforest and the hyper-humid Pacific biogeographic region. Ms Prieto Abad said the best preserved and most extensive forest in the world is in the north reaches of the Amazon River, and the connectivity of the country's upland plateau with the Amazon as far as the Atlantic Ocean was crucial for the continent's water cycle. Colombia is convinced it is protecting humanity by making best use of its forest biodiversity, and this makes ITTO highly relevant. ITTO has been instrumental in pursuing the interests of both consumer and producer countries, and its membership has been able to overcome political and financial difficulties in the past, resolve discrepancies, and succeed in preserving national interests. It is important to

continue doing so. Colombia is also hopeful that challenges related to arrears in assessed contributions would be resolved, and Ms Prieto Abad praised the working group's analysis and proposals on this issue. Colombia considers that the proposed extension of the ITTA, 2006 is not ideal, but it supports setting up a preparatory working group to analyze relevant aspects for the future renegotiation and to make recommendations on possible decisions to be taken immediately by the Council to improve operational efficiency.

16. Ms Prieto Abad expressed Colombia's gratitude for ITTO projects implemented in the country in the past. She thanked the governments of the USA and Japan for their support for a pilot project on the sustainable management of secondary natural forests in the Afro-descendant collective territory of the Community Council of Bajo Calima. In closing, Ms Prieto Abad thanked the Government of Thailand for its leadership and hospitality in hosting the session.
17. ITTO Executive Director Sheam Satkuru thanked the Government of Thailand, the Governor of Chon Buri Province and the Mayor of Pattaya City for their efforts in hosting the session in Pattaya. She thanked the Royal Forestry Department for its support in successfully convening the session and all delegates for their presence. She thanked the earlier speakers for their very kind compliments on the Secretariat and herself and praised the work of her colleagues in the Secretariat. She said ITTO has exceeded expectations in strengthening the Organization's position and relevance in the global arena on matters relating to tropical forests. She believes that no one can do it better than ITTO, based on its expertise, and she called for a continuation of the Organization's collaborative spirit and emphasis on consensus in decisions to ensure its longevity and relevance. It is highly important to take a broader view of the challenges facing member countries. The nature of ITTO's work and the manner in which that support was pursued is changing, but many urgent priorities remain. Ms Satkuru urged the continued shared responsibility among the Organization's diverse membership and the Secretariat. She thanked her team for their effort and resilience in withstanding the challenges facing the Organization. With the Council's full support, the Organization would prevail, fulfil its mandate and achieve its aims and objectives. She wished the Council success during the week.

ASCERTAINMENT OF THE QUORUM (AGENDA ITEM 2)

18. The Secretariat (Mr Steve Johnson) reported that the quorum for the 59th Session of the Council had been met. The list of participants is contained in Document ITTC(LIX)/Info.2. As quorum was not met during the first three days of the session, it was re-assessed daily and prior to the adoption of decisions during the session.

ADOPTION OF AGENDA AND ORGANIZATION OF WORK (AGENDA ITEM 3)

19. The Chairperson referred to Document ITTC(LIX)/1 and invited comments on the provisional agenda.
20. In the absence of objections and comments, the provisional agenda was adopted.

REPORT ON MEMBERSHIP OF THE COUNCIL (AGENDA ITEM 4)

21. The Executive Director informed the Council that the Organization's membership stood at 75, comprising 38 consumer members and 37 producer members. There had been no change in membership since the 58th Session of the Council. She informed the Council that Canada had indicated it was in the process of re-accession to the ITTA, 2006.

PROPOSED DISTRIBUTION OF VOTES FOR THE 2024-2025 BIENNIUM (AGENDA ITEM 5)

22. The Chairperson drew the attention of the Council to the annex of Document ITTC(LIX)/1, which showed the proposed distribution of votes for the 2024–2025 biennium, in accordance with Article 10(7) of the ITTA, 2006.
23. The Chairperson reminded members that, in accordance with Article 19(4) of the ITTA, 2006, the distribution of votes would be used to assess the contribution of each member to the biennial administrative budget for 2024 and 2025. He said the approved distribution of votes would remain in effect except whenever the Organization's membership changed or when a member had its voting rights suspended or restored, in which case the Council would redistribute votes within the affected categories.

24. In the absence of objections and further comments, the distribution of votes, as contained in the annex of Document ITTC(LIX)/1, was approved.

DISTRIBUTION OF VOTES FOR THE 2024–2025 BIENNIUM

PRODUCER MEMBERS

	<u>2023</u> <u>No. of Votes</u>	2024/2025 Biennium <u>No. of Votes</u>
Africa		
Angola	21	21
Benin	21	20
Cameroon	21	21
Central African Republic	21	21
Congo	21	21
Côte d'Ivoire	21	20
Democratic Republic of the Congo	21	21
Gabon	21	21
Ghana	21	21
Liberia	21	20
Madagascar	21	20
Mali	21	20
Mozambique	21	21
Togo	21	20
Asia & Pacific		
Cambodia	21	22
Fiji	14	14
India	28	28
Indonesia	93	95
Malaysia	72	61
Myanmar	26	25
Papua New Guinea	44	42
Philippines	15	15
Thailand	52	47
Vietnam	16	24
Latin America/Caribbean		
Brazil	122	134
Colombia	23	23
Costa Rica	13	12
Ecuador	19	21
Guatemala	12	12
Guyana	15	15
Honduras	12	12
México	24	24
Panamá	13	13
Peru	27	27
Suriname	15	16
Trinidad and Tobago	10	10
Venezuela	20	20
TOTAL:	1,000	1,000

CONSUMER MEMBERS

	2023 <u>No. of Votes</u>	2024/2025 Biennium <u>No. of Votes</u>
Albania	10	10
Australia	16	16
China	305	320
European Union	337	331
Austria	10	10
Belgium	15	15
Bulgaria	10	10
Croatia	10	10
Cyprus	10	10
Czech Republic	11	11
Denmark	11	11
Estonia	10	10
Finland	10	10
France	25	24
Germany	19	19
Greece	11	11
Hungary	10	10
Ireland	13	13
Italy	19	19
Latvia	10	10
Lithuania	10	10
Luxembourg	10	10
Malta	10	10
Netherlands	25	21
Poland	11	11
Portugal	13	13
Romania	10	10
Slovakia	10	10
Slovenia	10	10
Spain	13	12
Sweden	11	11
Japan	130	120
New Zealand	11	11
Norway	10	10
Republic of Korea	66	64
Switzerland	11	11
United Kingdom	28	28
United States of America	76	79
TOTAL:	1,000	1,000

ADMISSION OF OBSERVERS (AGENDA ITEM 6)

25. The Chairperson referred to Document ITTC(LIX)/Info.3 and Document ITTC(LIX)/Info.4. He said that, in accordance with ITTC Decision 3(LI), the Executive Director had reviewed applications for observer status for compliance with requirements. In accordance with that decision, the results of the initial review had been published on the ITTO website two weeks prior to the session.
26. The Chairperson invited comments regarding the admission of observers.
27. In the absence of comments or objections, all observers in compliance with the guidelines according to ITTO rules were admitted as observers to the 59th Session of the Council.

STATEMENT BY THE EXECUTIVE DIRECTOR (AGENDA ITEM 7)

28. The Executive Director paid tribute to Mr John Leigh (Peru) and Mr Hiras Sidabutar (Indonesia), both of whom had passed away recently. They had been long-standing colleagues in ITTO, having served in the Secretariat and in other capacities in the Organization's work. Both are missed deeply. Ms Satkuru asked the Council to observe a minute's silence as a show of respect.
29. The Executive Director reiterated her appreciation to the Government of Thailand, Chon Buri Province and the City of Pattaya for hosting the session. She expressed her heartfelt gratitude to member countries for their continued support for ITTO through their voluntary contributions and to members who had paid their assessed contributions and were present at the session. She thanked China, Germany, Japan and the USA for their voluntary contributions in 2023 and said she hoped more donors would come on board to better enable the Organization to execute its mandate.
30. The Executive Director said obtaining quorum in the Council has been a persistent problem for at least the last eight years. One region in particular appeared to be losing interest in ITTO, and the Secretariat was working hard to determine the cause of this. Referring to item 10 on the agenda, she said the working group had spent considerable time and energy over the last two years to determine the cause of countries falling behind in the assessed contributions. She had reached out to several members, including those that had paid and those that had not paid their assessed contributions. A multitude of reasons explained why many members could not pay their assessed contributions, some had fallen into arrears where many remain interested and engaged in ITTO's work. Some of these findings had been reported by the working group. One question members asked in paying their assessed contributions was what they obtained in return. On the other hand, many member countries were receiving bilateral funding directly from several sources, for which they did not need to pay assessed contributions, begging the question of how to maintain the commitment of those countries to multilateral organizations like ITTO. Moreover, there were competitors to ITTO where members obtain project funding without having to pay assessed contributions, such as the Asian Forest Cooperation Organization (AFoCO), which was fully supported by the Government of the Republic of Korea and the Asia-Pacific Network for Sustainable Forest Management and Rehabilitation (APFNet) and the International Bamboo and Rattan Organization (INBAR), both hosted by China.
31. The Executive Director said the current funding situation is a weakness for ITTO, with a shortage of voluntary contributions for projects, Concept Notes and activities. Nevertheless, it is still the only multilateral organization with a full mandate on tropical forestry. Both prongs of its mandate are highly relevant to the global agenda and to global international discussions—one prong is the implementation of sustainable forest management in the tropics and the other is diversification of trade. She noted several opportunities for the Organization, such as the current climate talks, the Global Biodiversity Framework and the UN Decade on Ecosystem Restoration. The four Council-approved programmatic lines, which ITTO is currently operationalizing, were central to all these.
32. The Executive Director informed the Council that ITTO's collaborative efforts with international organizations and partners would be presented during the week under agenda item 13; several funding opportunities are available that must be capitalized on. On the topic of resource mobilization, she said it was undeniable that much more needs to be done. She invited members to recall that, under the Organization's Strategic Action Plan 2022–2026, members and the Executive Director had several shared responsibilities. When the plan was adopted, it was understood that the Executive Director and the Secretariat would undertake all those activities that could be implemented as part of the current administrative budget, and this is being done. The Council would receive reports on this work under agenda items 13 and 15. Members will be invited to provide updates on what they have done to support

ITTO under the same agenda items. The Executive Director said there are many new mechanisms to explore, such as carbon credits, the Joint Crediting Mechanism (JCM), and the Global Biodiversity Framework under the Convention on Biological Diversity (CBD). The Secretariat is keen to continue working jointly with the CBD Secretariat under the recently renewed memorandum of understanding (MOU), as well as with other organizations.

33. The Executive Director said tropical member countries continue to face challenges in all three regions, especially Africa and some countries in Latin America. More than 200 tropical tree species have been forwarded for listing in the Appendixes of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), and members are requesting help in managing this process. ITTO is ready to help, especially with capacity building. But, to do so, it needs to be more involved in processes within member countries and in other multilateral efforts and larger projects under the Global Environment Facility (GEF), the Green Climate Fund (GCF), the CBD, the World Bank, and the regional development banks. ITTO is involved in talks with several of these bodies but need member countries to push that agenda within the councils of those organizations, which need their donor member countries to be convinced of ITTO's potential to help in delivering in these areas of work.
34. The Executive Director said several of these large organizations lack on-the-ground expertise in tropical forestry, which ITTO can assist with. She invited producer members to insist on the involvement of ITTO in large projects under the above bodies in which they are beneficiaries.
35. The Executive Director said the Secretariat has been working to strengthen contact and engagement with members to learn more about their national priorities, preferred work modalities and how ITTO could support them. Many members that are in arrears in their assessed contributions had indicated their gratitude for previous work done in their countries through ITTO and their wish to remain involved in the Organization's work. However, strict provisions under the ITTA 2006 restricts the activities in which members in arrears can participate in. This is an issue that must be further examined in the buildup to the next ITTA. For members in arrears, the Executive Director requested that delegates do their best to ensure their governments are able to meet their obligations so ITTO can again work with them through projects and other activities. She mentioned regional projects under development with donor organizations in which ITTO is unable to represent those members in arrears. She paid tribute to her home country, Malaysia, which until recently had been the only member that paid its assessed contributions one year in advance. Honduras had recently paid ten years of arrears and one year in advance. So, if there is political will, it can be done.
36. The Executive Director said events will be held during the week organized by the Trade Advisory Group (TAG) and the Civil Society Advisory Group (CSAG). The Informal Advisory Group (IAG) was also proposing a third advisory group on youth, and this will be outlined during the Chairperson's presentation of the IAG report. The IAG report also contains draft decisions for the consideration of the Council.
37. The Executive Director ended her presentation by paying tribute to two members of the Secretariat, Mr Steve Johnson and Mr Hwan Ok Ma, who will be retiring after serving ITTO for 33.5 years and 28 years, respectively. She informed the Council that she is close to deciding on their replacements in the Secretariat, and it is her hope that two new senior staff members will join the Secretariat in January 2024.
38. The Chairperson thanked the Executive Director for her presentation and stated his own thanks to Mr Johnson and Mr Ma for their long service. He requested delegates to give them a standing ovation and then invited comments on the statement made by the Executive Director.
39. The delegate of Peru congratulated the Executive Director on her excellent speech, in which she summarized the Organization's activities and programmes and the challenges ahead. As producer spokesperson, he agreed that the lack of participation by members in the Council and its working groups is concerning, and he pointed to budgetary concerns in some countries as a potential reason. The lack of financing for projects could also be causing a lack of interest or enthusiasm among producer members. This is something the Council had discussed over the last ten years and there is responsibility on both sides. Intelligent, strategic solutions are needed to improve the participation of producer countries, especially regarding the financing of projects, and also to obtain more participation from both consumers and producers in different programmes. It is important for producer members to take responsibility for paying assessed contributions, and efforts in this regard are being made. Members of the producer caucus, which met this morning, had committed themselves to getting in touch with relevant authorities to seek support.

40. The Executive Director thanked the delegate of Peru and producer spokesperson for the pertinent points raised and noted that Peru had also recently paid its assessed contribution one year in advance. She urged other members to follow suit and pay their assessed contributions within the designated timeframe. She agreed with the producer spokesperson that countries have a multitude of reasons for falling behind in their payment of assessed contributions, including changes in governments, changes in dynamics between ministries, and even changes in ITTO focal points. The latter is important for ITTO because focal points should be contacting officials at higher levels to propel participation in the work of ITTO. She said there will be opportunities during the week to deliberate on how best to help countries overcome their problem of arrears, which forms part of the working group's report under agenda item 10 and will also be discussed in the Committee for Finance and Administration (CFA).
41. The Chairperson said he appreciated the enormous problems facing the Organization, including the issue of finance. He called on members to increase their enthusiasm for ITTO because its objectives are still highly relevant. He agreed with the producer spokesperson that producer members had spent considerable time on introspection to look at what they can do better. But the other side of the coin was to do with donor enthusiasm, which had dropped dramatically. He mentioned the European Union (EU) and European Commission. ITTO is now better positioned to handle bigger projects but funding from the EU continues to dry up. He considered that the EU has the clout to do more and pleaded with it and other donors to come to the aid of the Organization. He then closed this agenda item.

REPORT OF THE INFORMAL ADVISORY GROUP (IAG) – DECISIONS 3(XXII), 5(XXVI), 2(XLIX) and 2(LI) (AGENDA ITEM 8)

42. The Chairperson informed the Council that the 37th meeting of the IAG was held virtually on Thursday 2 November 2023. He drew the attention of members to the draft decisions forwarded by the IAG for the Council's consideration, as annexed in the report of the meeting contained in Document ITTC(LIX)/2. He invited comments and questions on the IAG report.
43. The delegate of New Zealand sought clarification on which item a discussion on the draft decision to establish a youth advisory group would take place.
44. The producer spokesperson agreed that this would be an important discussion because it is about establishing a new advisory body.
45. The Chairperson responded that this could be discussed under Agenda Item 13 on collaboration and coordination with other organizations.
46. The producer spokesperson suggested that the topic of a youth advisory group might be better discussed in the context of revision of the ITTA, which had been the subject of a recent survey of members. The document summarizing the results of the survey should be made available to all participants, and he wasn't sure all producer members had been able to see the document.
47. The Executive Director advised that the draft decision relating to a youth advisory group would best be discussed under Agenda Item 13 on collaboration and cooperation with other organizations and partners, as indicated in Article 13 of the ITTA 2006. TAG and CSAG were both established by Council decision alone, not through amendments to the ITTA. Therefore, if the Council was agreeable to the establishment of a youth advisory group, it could do so through a Council decision. In discussions on this issue in the IAG, the Secretariat had made it clear that, although youth could be part of TAG or CSAG, it feels it advisable to have an individual platform for youth. It would include youth who are undertaking practical training or tertiary education in forestry or the wood industry, and youth from civil society. Many other organizations had created separate platforms for youth: for example, 80% of participants in the Global Landscapes Forum are youth. The Executive Director said it is imperative for ITTO to also have a separate platform so that youth could share their views on how ITTO should move forward. A budget of USD 50 000 for a two-year period has been proposed for this new body, which could be obtained either from voluntary contributions or the Working Capital Reserve. The Secretariat is conscious of the need to be prudent with financial resources and feel USD 25 000 per year is relatively modest for a separate platform for youth to enable their greater participation in the work of the Council.
48. The delegate of New Zealand said she supports the Secretariat's proposal to continue discussion on a youth advisory group under agenda item 13.

49. The delegate of the USA thanked the Executive Director for her clarifications on the proposal for a youth advisory group. He expressed concern that many delegations were unaware of this draft decision until quite late. This made it difficult for delegations to consult their capitals to take a decision. His delegation would also have appreciated an explanatory note on the rationale for the new advisory group. In the future, it would be appreciated to have more consultation and transparency on such matters.
50. The Executive Director said the proposal had been tabled in the IAG because she had been confident that delegations would have read the report of the previous Council session, in which she had suggested that the Council consider establishing a youth advisory group. Youth are already part of several ITTO projects in the field, particularly an ongoing project in Togo and a completed project in Côte d'Ivoire on women's empowerment in which children were also involved. She apologized if the tabling of the draft decision on youth had taken some delegations by surprise. Nevertheless, she implored members to think carefully before deciding not to go ahead with the inclusion of youth, which she considers imperative.
51. The Chairperson closed this agenda item.

REPORT OF THE CREDENTIALS COMMITTEE (AGENDA ITEM 9)

52. Quorum was assessed and obtained prior to the commencement of this agenda item.
53. Ms Christiane Anzan Nee N'Guessan Ahou (Côte d'Ivoire), Chairperson of the Credentials Committee, presented the report of the Credentials Committee, drawing attention to Document ITTC(LIX)/3. She said the committee, consisting of Australia, Côte d'Ivoire, Japan, Malaysia, New Zealand, Peru and USA, had examined and accepted the credentials and attendance of 28 countries and the EU participating in the 59th Session of the International Tropical Timber Council and Sessions of the Associated Committees.
54. Ms N'Guessan Ahou said the Credentials Committee had also examined the representation of interest and the delegation of voting rights of 27 countries in accordance with Article 11, Paragraph 2 of the ITTA, 2006. The list of member countries delegating their interests and voting rights was as shown below:

LIST OF MEMBER COUNTRIES DELEGATING VOTES

Country	Delegating votes to:
Bulgaria	European Commission
Croatia	
Cyprus	
Czech Rep.	
Denmark	
Estonia	
Greece	
Ireland	
Latvia	
Lithuania	
Luxembourg	
Poland	
Slovakia	
Belgium	
France	
Hungary	
Italy	
Malta	
Portugal	
Romania	
Slovenia	
Finland	Sweden
Colombia *	Costa Rica
Guatemala	
Mexico	
Benin	Togo
Congo, Rep. of	
D.R. Congo	Côte d'Ivoire

**Submitted both credentials and delegation of voting rights.*

55. The Council adopted the report and approved the credentials of delegations.

MATTERS RELATED TO ARTICLE 19 OF THE ITTA, 2006 ON THE ADMINISTRATIVE ACCOUNT – DECISIONS 3(LVII) AND 3(LVIII) (AGENDA ITEM 10)

56. The Chair invited the Co-Chair of the Virtual Intersessional Working Group on the Management of the Administrative Budget established under Decision 3(LVII) and extended under Decision 3(LVIII) for one additional year, Mr Björn Merzell (Sweden), to present the report of the working group, as contained in Document ITTC(LIX)/4.
57. Mr Merzell said the working group had two virtual meetings on 25 May 2023 and 19 September 2023, with him as co-chair alongside Ms Natasha Nasir Bengoni (Gabon). The first task was to make recommendations on changes to the threshold for annual use of the Working Capital Reserve by the Executive Director without Council decision; this task was completed in 2022. The second mandate was to propose ways to prompt members to pay contributions to the administrative budget, and the working group recommended that the Council adopt a trial measure that allowed members that were ineligible to submit project proposals or concept notes in accordance with ITTA 2006, Article 19.8, to submit one proposal for every two years of arrears paid, provided that a payment plan for the total arrears owed is submitted at the same time. The working group recommended adopting this flexibility on a trial basis commencing on 1 January 2024 for a four-year period. The working group also recommended the abolishment of certain provisions contained in Decision 7(XIII), Annex 1. The working group had made

three recommendations regarding arrears to the Administrative Account with a view to streamlining the rules relating to the late payment of contributions. These were: that the Executive Director be authorized to write off, on an annual basis, one-fifth of a member's arrears from the period 1986–1996; that the Secretariat should not process project and pre-project proposals submitted by members with cumulative arrears to the Administrative Account, beginning from 2002, which were equal to or in excess of three times the member's annual assessed contributions in the year the proposals were submitted; and that interest incurred on late payments for assessed contributions imposed under the ITTA, 1983, which was abolished in the subsequent ITTAs, should not be recognized as payable and be made obsolete.

58. Mr Merkell said the working group had also made the following clarifications relevant to implementation of the recommendation that assessed contribution payments should be applied from the oldest year of arrears, moving to more recent years as members paid their arrears. Being in arrears did not preclude members from receiving voluntary contributions for existing and approved project proposals and concept notes that the members had submitted when they were eligible to submit proposals and concept notes. Members seeking to write off arrears could do so in accordance with ITTA 2006, Article 30. Once a member regains eligibility to submit project proposals and concept notes in accordance with ITTA 2006 Article 19.8, any credits allowing for the submission of proposals or concept notes earned under the trial measure would be reset if the member was to fall into arrears again in the future.
59. Mr Merkell said the working group's third mandate was to explore ways to adapt the Organization's budget to long-term trends in the payment of contributions. Extensive discussions had been held on this matter, including that it might be premature to consider this item at this time because reducing the administrative budget would have an adverse impact on the effectiveness of the Organization. The Secretariat will continue to make cost savings where possible, but the fundamental issue stems from the late payment of contributions by members. This matter could continue to be addressed through incentives for payments proposed by the working group and through discussions regarding the renegotiation of a new agreement. Mr Merkell said the working group had proposed text for a draft decision reflecting its recommendations. The working group also recommended that discussion on each topic should be deferred to the CFA and for the recommendations made by that committee to be adopted through their report.
60. The Chairperson thanked Mr Merkell for his report and all members of the working group for their efforts. He opened the floor for comments.
61. The producer spokesperson congratulated the co-chairs of the working group for the work carried out regarding the administrative budget. He said the report made several recommendations that were adequate and appropriate. He agreed the report should first be analyzed in depth by the CFA. He noted that one of the recommendations included a draft decision on the payment of arrears in assessed contributions, in which, if producers paid a certain amount of arrears, they would be eligible to present project proposals or concept notes; the producer caucus considered this an interesting proposal that would require more analysis. More broadly, however, the ability of members to submit project proposals was no guarantee that these would be financed, and this matter also needed to be dealt with. Several delegations among the producer caucus would like to participate in discussions in the CFA on these issues.
62. The Chairperson thanked the producer spokesperson for his comments and agreed that members interested in this issue should participate in discussions to be held in the CFA.

MATTERS PERTAINING TO ARTICLE 44 OF ITTA, 2006 – DECISIONS 4(LVII) AND 4(LVIII) (AGENDA ITEM 11)

63. The Chairperson said that, pursuant to Decision 4(LVII), a virtual intersessional working group was established to assess the need to renegotiate or further extend the ITTA, 2006. He invited the co-chair of the working group, Mr Keiran Andrusko (Australia), to present the report of the working group, as contained in Document ITTC(LIX)/5.
64. Mr Andrusko said the working group was established to discuss the potential need for renegotiation and associated matters, and it held its deliberations over the course of 12 months following the 58th Session of the Council. It was decided that, after initially surveying a number of views on the need for renegotiation and extension, to take a fuller approach in terms of collecting views from a broader set of members and in more depth. The mandate of the working group established at the 58th Session of the

Council was to extend the intersessional working group for a further 12 months until the present Council session and to collect further views from the membership on renegotiation and/or a final extension of the ITTA 2006. On the basis of this, the working group was to prepare roadmaps in close collaboration with the Secretariat and others for a process and scope for a review of the ITTA 2006, the composition and settings of a preparatory working group (PWG), the costs associated with key elements, the timing of renegotiations, and the procedural implications of expiry, extension and/or renegotiation. The working group met three times: first on 9 February 2023, then on 6 September, and then on 20 September. The working group retained the same co-chairs, namely Mr Andrusko and Mr Nurudeen Iddrisu (Ghana), and largely the same membership, comprising up to 10 members from each of the two caucuses.

65. Mr Andrusko said the working group had focused on whether to extend the ITTA 2006 until a final extension from 2026 to 2029 and on the survey. The survey was sent to all members on 26 April 2023 with a deadline of 5 June 2023. The deadline was extended twice and, by the final deadline in July 2023, 33 consumer countries, of which 27 were represented by the EU, and 20 producer countries had completed the survey, which was a high response rate. Roadmaps had been developed on both potential expiry dates of 2026 and 2029 that articulated the process for renegotiating the treaty based on those dates. The working group's report also included options for undertaking further work, through either consultants or a further preparatory group.
66. Mr Andrusko summarized that, among the survey responses, there was an overwhelming consensus among the consumer group to extend the treaty for a further three years until 2029, and a majority in the producer caucus also held this view, although there was a more mixed range of responses. On this basis, the working group formulated a recommendation to extend the ITTA 2006 to 6 December 2029. It was also observed that commencing renegotiations immediately would not be possible because of the unavailability of the services of the United Nations Conference on Trade and Development (UNCTAD) Legal Office, and therefore there would be a need to extend the ITTA, 2006, regardless of whether renegotiations commenced immediately to allow for the two-to-three-year process that would be required. The second recommendation is to adopt roadmap scenario 1, which envisaged the timeline of extension until 2029. The third recommendation is to extend the working group as a preparatory working group. The fourth recommendation is that the Council should define the mandate of the preparatory working group to include several elements, as outlined in the recommendation. The fifth recommendation is that the Council should review roadmap scenario 1 at its next session in 2024. The final recommendation is that the Council should take a decision, as appropriate or necessary, on the possible extension of the working group beyond the next Council session. Mr Andrusko said the roadmaps were complex and had taken a number of meetings to flesh out and obtain considerable input from working-group members. He thanked all those involved for their cooperation and encouraged members to continue to engage.
67. The Chairperson thanked Mr Andrusko for his presentation and referred members to document ITTC LIX/5, which is the report of the working group, and to pages 6 and 7, which summarized the recommendations. He invited the Executive Director to provide more information regarding the availability of the survey results.
68. The Executive Director noted that the detailed membership survey was available as an information document via the members' portal and therefore that all ITTO members have access to it and to the detailed responses made by the 54 members. The Secretariat was hesitant to place information related to the individual responses of members in the public domain.
69. The producer spokesperson clarified that he was referring to the detailed report prepared by the Secretariat, which was a summary of the responses given by members. It would be useful when discussing to renegotiate or extend the ITTA 2006. Members of the producer caucus were unsure whether the document was available via the members' portal. He asked whether it would be possible to print it and circulate it exclusively amongst the members as a basis for the discussion to follow. This would be especially helpful because some focal points are new and might not have access to the portal.
70. The Chairperson, speaking also as co-chair of the working group, pointed out that the mandate of the working group was very specific: to see whether the members wanted to extend the agreement for a second time, from 2026 to 2029, or to immediately commence a renegotiation. It also attempted to find another way of resolving the issue, including by proposing several roadmaps. If there were concerns, these could be discussed, but there was also a need to think about certain points before decisions are made. So his question was, did the working group do its work?

71. The Executive Director said an Excel sheet with members' detailed responses was the first document appearing on entering the members' portal under the header "Documents for upcoming Council session: Survey questions and combined member responses". This has available to members since the working-group report was finalized in September. It has not been attached to the report because of its size. The Executive Director proposed several options for making hard copies of the summary of responses available to delegates.
72. The producer spokesperson said, that, yes, the working group had carried out its mandate and congratulated it for its work. It has been an exhaustive job, and he thanked the Secretariat for its efforts to summarize the responses by countries. He queried the first question in the survey, which was whether the member agreed with extending the Agreement. He thought this question was incomplete and should have been, "Are you in agreement with extension or negotiation", but negotiation was not mentioned in the question. Nevertheless, the responses have been received and are contained in an Excel spreadsheet. There were positive and negative responses, and all members had a right to see those. He repeated that not all focal points were aware of the portal or had the necessary authority to access it. The quest now is to ensure that the document is available to all members present at the sessions by distributing it in hard copy.
73. The Chairperson said, notwithstanding the issue of whether the document could be distributed in hard copy, the fact was that the working group had carried out its work on the basis of the mandate given it by the Council and had used other information in addition to that gained from the survey, which came somewhat late in the work. A recommendation of the working group was that another working group would look more in depth at the responses received. This would help guide the preparatory work on a new Agreement and ways to improve it.
74. The Executive Director pointed out that the Secretariat had expended considerable effort on the survey, not only in summarizing it but also in persuading members to respond. This had been effective, with 54 members providing responses, out of a total membership of 75. She said she felt uncomfortable on hearing comments that new focal points might be unable to access the member portal. All those registered on the website as focal points and on the member contact list as focal points should have access to the portal. The Secretariat contacts members two to three times per year seeking information on any changes in focal points to ensure that communications between the Secretariat and members are not hampered. She said the questions in the survey were drafted by the Secretariat and members of the working group, and all members of the working group were consulted on the format. All comments received from working-group members were taken into consideration.
75. Reconvening on the Wednesday of the session, the Chairperson invited Mr Andrusko to provide an update on the situation.
76. Mr Andrusko said, that as indicated during the previous discussion, the survey results had indicated a broad consensus in both caucuses for an extension of the ITTA 2006, although this had not yet been discussed at length in the caucuses. He now understood that, after further meetings of the caucuses, there remained broad support for extension. Not all members had expressed mandates to support extensions, but the options had been discussed, with certain fallback options. He proposed using the draft decision, as previously circulated, as a basis for any option going forward and working towards adopting it by consensus. On the consumer side, no substantial changes had been proposed to the original text, but he understood the producer caucus had ideas for proposed changes.
77. The producer spokesperson said the producer caucus had met that morning but had had insufficient time to arrive at a position. The caucus considered it important to read and understand the document provided by the Secretariat, including the various responses of members to the survey. A vast majority supported extension of the agreement, but producers wanted to understand the reasons behind that support. Nevertheless, most producers that responded to the survey had agreed with extension of the ITTA, 2006. The caucus had been able to examine the responses during its meeting that morning and had concluded that, even though a majority of members supported extension, all members considered it necessary to amend certain articles. Therefore, there was a need to carry out a more deliberate reflection to justify the extension with important reasons.
78. The producer spokesperson said certain proposals had been put forward, and these improvements could be introduced through decisions by Council without amending the agreement. Other proposals might need to be re-examined because they would not only amend the Agreement, they would modify the whole institutional structure, which would be concerning. Nevertheless, the producers agreed with

extending the ITTA, 2006 for three more years, from 2026 to 2029, and creating a preparatory group, as proposed in the draft decision, with a mandate to review the responses and identify those items that would improve the institutional work of the Organization. Amendments might be needed in the text of the Agreement or through Council decisions.

79. The Chairperson thanked the producer spokesperson for his comprehensive comments and for indicating that the producer caucus now agreed on the need to extend the ITTA, 2006 to 2029. He agreed that further analysis would be necessary, including on the survey responses, as part of the work of the preparatory working group, which would have definitive terms of reference.
80. The delegate of China said China had no objections to extending the ITTA, 2006, but the delegation had no mandate to make a decision during the current session. He therefore proposed postponing the decision for six months, which could then be made through the intersessional approval procedure.
81. Mr Andrusko thanked the producer caucus for reaching the new position so quickly. The survey responses represented a rich source of information for the work of a future working group. He invited the producer spokesperson to come forward with text that might be added as a new paragraph for the work of the preparatory working group. In terms of the way forward, that was in the hands of the membership, although fallback options had been prepared. There were challenges with those, particularly taking decisions intersessionally.
82. The producer spokesperson said although there was consensus in the caucus on the extension, there was no text, which perhaps could be drafted during the Chairperson's Ad Hoc Drafting Group.
83. The delegate of the EU said at this stage the EU did not have a formal position and therefore could not join a consensus. The EU was ready to look at fallback options.
84. The Chairperson said he believed the EU had provided a comprehensive response to the survey as well as insights. At that time, he recalled, the position of the EU was to support an extension to 2029. Therefore, the EU had stated in plenary that it did not yet have a position but in its responses to the survey it had indicated support for extension. He sought guidance on how to proceed on this matter.
85. The delegate of the EU said that, yes, the EU had expressed an opinion in the survey and on substance. That was an opinion the EU had expressed in the survey, not a formal EU Council position on a decision to extend the ITTA, 2006, which procedurally would be needed. Therefore, the EU did not have a formal position and therefore could not join the consensus, although it had expressed its opinion in the survey.
86. The Chairperson asked whether there was a majority in the consumer caucus agreeing to an extension. China had expressed no objection to a decision. He asked the EU whether it had a timeframe within which it could come back to the Council with a formal position.
87. The delegate of the EU asked the Chairperson to clarify the question and the procedure for going forward.
88. The Chairperson said the working group had worked for two years, and draft decisions had been prepared as part of its work. One option was to make a decision on extending the Agreement at the present session. If that was not possible, the other option was to give a timeframe for finalizing positions up to June 2024, as requested by China. So the question to the EU was on its timeframe for reaching a formal position, for example by June, when a decision could be made intersessionally.
89. The delegate of the EU asked for clarification on the rules of procedure being followed.
90. The Executive Director said the rules of procedure to be followed for an intersessional decision would be the relevant rules contained in the ITTO Rules of Procedure. She clarified that intersessional decisions would need a majority decision on whether an intersessional decision could be taken and then a special vote for that decision to pass. The threshold for a special vote was 60% of consumer votes and two thirds of producer votes. In the case of an intersessional vote, the Secretariat would circulate under the name of the Chairperson the documentation for members to indicate their votes for the two questions: that is, whether the members were in favour that a decision needed to be taken intersessionally on the matter, and whether the members agreed to extend the ITTA 2006 from 7 December 2026 to 6 December 2029.

91. The delegate of Costa Rica underlined the comments made by the producer spokesperson that the producers were in complete agreement on the need for an extension. A decision could wait until 2024, but it is important that a working group is created to consider the survey responses and to work towards agreement on the amendments that might be put forward. All parties had indicated that certain adjustments were needed to the text of the ITTA 2006. Therefore, even if the decision is delayed until June 2024, it is important to start thinking about the working group that would analyze and consider possible amendments.
92. The Chairperson thanked the delegate of Costa Rica for expressing his concern that the preparatory working group should be put in place immediately so it could begin its important work. He clarified that the work would take many months. The idea was that it would be an opportunity for more contact between consumers and producers to better understand what was required in a new Agreement.
93. The delegate of Australia said his understanding was that there was broad consensus to extend the ITTA 2006 but that some members had further formalities to go through before finalizing their positions. He also heard no objections to the roadmap presented in terms of a way forward, although there are additional suggestions for that. He suggested that the Council examine paragraphs two to five of the draft decision, which set out the process presuming that a decision to extend the Agreement is taken, and thus look to adopt the roadmap now so preparations for a potential renegotiation of the Agreement could continue without delay.
94. The delegate of the EU said the EU would be able to join China in seeking further time until June 2024 to finalize its position. The EU would be able to support a decision on rules of procedure and a preparatory working group.
95. The delegate of the USA reiterated his delegation's support for deciding on an extension to the Agreement at the present session, if possible. It fully understood the situation that some delegations are in, however, and the proposal made by Australia to advance as much as possible as quickly as possible made sense. He asked the Secretariat whether an intersessional decision would have any caveats or conditions.
96. The Executive Director responded that she had previously indicated that, for intersessional decisions, a simple majority decision would be required in order to agree that the decision should be subjected to a vote, and the decision itself would require a special-vote majority in order to pass. Under the Rules of Procedure, a minimum period was required to allow membership to revert, so a lengthy delay could put the decision at risk. Therefore, it would be helpful to decide on a timeframe within which a decision should be secured. She asked the EU to confirm whether a cut-off date of April, May or June would be sufficient. Once the documentation is sent to all members, a timeline could be stipulated. The terms under which the preparatory working group could move forward are contained in the draft decision that had been presented for the Council's consideration. These terms could be further considered in the Chairperson's Open-ended Drafting Group.
97. The delegate of the EU thanked the Executive Director for the clarifications. She said that, at the previous Council session, other members in addition to China and the EU had raised concerns regarding the decision.
98. The Chairperson thanked the EU for this clarification. He reminded delegates of the mandate of the working group, which was to propose options for both extension and renegotiation of the agreement. He further reminded delegates that the UNCTAD Legal Office had indicated very limited availability in 2024 and 2025, should the decision be to commence a renegotiation immediately.
99. The delegate of Peru said his delegation agreed to delay the decision on this subject but would prefer a clear date for it. A date of June 2024 would allow six months, and that should be enough time to enable all delegations to come back with clear positions. Referring to the intervention by the delegate of Costa Rica, it is important to immediately start the work of the preparatory working group. An element that could be added to the draft decision is that the working group should take into account the survey responses to identify the most sensitive issues raised, which could be submitted to the Council for consideration.

100. Mr Andrusko asked the Secretariat for clarification about the two-step process involved in taking a decision without meeting. It might be possible to take the first decision in that process during the present session.
101. The delegate of India suggested that the membership of the preparatory working group should be broader than in the existing working group.
102. The Chairperson responded that the preparatory working group should include the members in the existing working group because of their institutional memory but should also be open to new members, with the exact number to be determined.
103. Reconvening on the Thursday of the session, the Chairperson invited Mr Andrusko to provide an update on the situation.
104. Mr Andrusko said good progress was made on the previous day, and he had updated the draft decision to reflect those discussions. The draft decision now set out that the Council would take an intersessional decision without meeting on the matter of extension. Other paragraphs largely comprised the recommendations of the working group on setting out the parameters of the preparatory working group. He had provided the updated draft to the Secretariat as a basis for the Chairperson's Ad Hoc Drafting Group.
105. The delegate of China asked about possible timelines for making the intersessional decision.
106. The Executive Director responded that the timelines would be set out in the draft decision. Once the decision is approved, it would be posted on the ITTO website within seven days of the conclusion of the Council session. The Secretariat would send a note to all members about the decision, given the limited timeline.

ITTO BIENNIAL WORK PROGRAMME – DECISIONS 9(XXXIV) and 2(LVI) (AGENDA ITEM 12)

(a) Progress Report on the implementation of the BWP 2021-2022 extended into 2023

107. The presentation under this agenda item by the Secretariat is available at [Progress Report on the Implementation of the BWP 2021-2022 extended into 2023](#).
108. The Chairperson invited the Secretariat to present the progress report on the implementation of the Biennial Work Programme (BWP) 2021–2022 extended to 2023, as contained in Document ITTC(LIX)/6.
109. The Secretariat (Mr Gerhard Breulmann) said he would present a general overview of the progress of the activities approved under the BWP, some of which had already been presented to the Council. The BWP had been adopted under Decision 2(LVI) and extended into 2023 under Decision 2(LVIII). It contained 40 activities, which were divided into two parts, comprising 24 activities that required financing through voluntary contributions, core budget or other sources, and 16 administrative and financial activities that did not require financing. An additional activity had been added in 2021, which was the secondment of a programme officer from the Government of the Republic of Korea, financed by the Korea Forest Service.
110. The total funding sought under the BWP was USD 4 346 760 in voluntary contributions and USD 1.86 million in core budget contributions. The activities requiring financing were divided into five groups, comprising field-oriented activities; normative work; collaborative activities; communication and the outreach; and analytical, statistical and other recurring work. Mr Breulmann presented an overview table showing the 24 activities that required financing, colour-coded to show those activities that had been fully funded, those that were pending finance, and those for which partial financing had been received. Core budget activities were also indicated as partially funded, and the report contained a chapter on the shortfall in contributions to the Administrative Account, which also meant that a certain percentage of the core budget had not been received in the previous year, which affected the implementation of activities approved and financed in the ITTO core budget.
111. Mr Breulmann said USD 4.46 million had been received in voluntary contributions, including USD 506 770 during the extension in 2023. He showed a list of donors that had contributed to the implementation of the BWP, including the following ITTO members: Japan, the USA, China, the

Netherlands and Finland; the Bali Partnership Fund had also contributed. He said voluntary contributions had also been received from non-members including the Macau Trade and Investment Promotion Institute (IPIM), the CITES Secretariat, the Food and Agriculture Organization of the United Nations (FAO), Soka Gakkai Japan, the Precious Forest Foundation, and Kisso-an. There had also been a grant from the EU for the FLEGT Independent Market Monitoring (IMM), and the secondment of the programme officer supported by the Korea Forest Service.

112. Under field-oriented activities, by far the biggest activity was activity 2 on building legal and sustainable forest product supply chains, which had 12 sub-activities and to date had received approximately USD 2.5 million in pledges, and it contained a number of sub-activities, of which sub-activities 2.1 to 2.5 and 2.7 to 2.9 had been reported completed in 2022. Sub-activity 2.6 had been completed in March 2023 and reported to the committees. Sub-activities 2.10 to 2.12 were also completed but would continue under the BWP 2024–2025.
113. Mr Breulmann further introduced a range of activities related to normative work, collaborative work, communication and outreach, and statistical and analytical work. He reminded the Council that most activities would be continued under the BWP 2024–2025.
114. The Chairperson thanked Mr Breulmann for his presentation and called on donors to continue to finance this important work.
115. The delegate of Peru said he had noted an amount in the budget of USD 500 000 and asked how that was used. He also asked whether the final work plan took into account the concept notes for each activity to be implemented by the Secretariat. He expressed concern that, despite the vast number of activities being carried out, few were field activities in countries and regions, and he noted that the Strategic Action Plan stressed the need for greater ITTO presence in the field as a means for regaining trust.
116. Mr Breulmann said the USD 500 000 was voluntary contributions received in 2023. He noted that the BWP for 2021 and 2022 had been extended into 2023 without any modification including the budgets. Mr Breulmann confirmed that new BWP activities were supposed to be submitted as concept notes, but this would apply only to future BWPs, and this was a progress report of the previous BWP. He noted, however, that the draft BWP for the next biennium did not include any new activities.
117. The Vice-Chairperson of the Council, Ms Anna Tyler (New Zealand), presented the report on the ITTO Fellowship Programme. The Fellowship Programme began in 1989 and had enabled more than 1 400 young and mid-career people from 49 countries working for a range of institutions and in the private sector to pursue their professional development. The distribution of funds to date comprised 40% to Africa, 30% to Asia-Pacific and 30% to Latin America/Caribbean. About 40% of the total number of Fellowship recipients were female applicants. The total programme funds distributed to date was USD 9.8 million, the key donors were Japan, the USA and the Netherlands, and the amount available in the present year was USD 141 000. The Fellowship Panel comprised representatives from Congo, Ghana, New Zealand, Peru and the USA. Ms Tyler thanked the Panel members for their work and the Secretariat for its support. A total of 97 applications had been screened, of which 16 were shortlisted for consideration by the Panel, comprising three from Africa, nine from the Asia-Pacific region and four from Latin America. Eleven were in reforestation and forest management, four in forest industry, and one in economic information and market intelligence; five of the 16 applicants were female. The panel had applied the standing selection criteria of consistency with the Fellowship Programme's objectives and priority areas, their qualifications, the benefits for the individuals and more broadly, and the reasonableness of the costs of the proposed activities. The Panel also took into account balance among the subject areas and regions and the opportunity to promote the participation of women, and also considered the ITTO Strategic Action Plan.
118. Ms Tyler said the Panel was pleased to recommend to the Council the awarding of 16 Fellowships with a total budget of USD 107 000 (the recommended applicants are listed in the Panel's report). She also added the following reflections: of the 97 applicants, only 16 were eligible, and a major reason for the small number of eligible applications was that many of the applicants were from member countries that were in arrears in their assessed contributions. The total funds available amounted to USD 141 000 but only USD 107 000 could be granted. The funds available in 2024 would be approximately USD 57 000, which represented a reduction in the number of grants that could be made. She encouraged members and donors to consider additional contributions.

119. The Chairperson thanked Ms Tyler for her report and noted the large number of applicants, of whom relatively few were eligible. This had also been the case in the previous year, so it was becoming a trend reflecting the fact that producer members were lagging behind in their payments. The Fellowship Programme was life-changing, and there was evidence that people who had received Fellowships were able to rise in their careers. It was important, therefore, to continue the programme.
120. The delegate of the USA said the USA was a long-time supporter of the Fellowship Programme and believed it to be one of ITTO's most important contributions. She encouraged producer countries to continue paying their dues so the next generation of leaders could benefit from the programme.
121. The delegate of Peru congratulated the Vice-chairperson for her excellent presentation. He said that, despite the need to support and promote young people, the resources for the Fellowship Programme were diminishing. He agreed with the delegate of the USA, who had underlined the importance of developing and promoting the Fellowship Programme. He suggested reconsidering the criterion related to the payment of assessed contributions to enable young people from all countries to apply for Fellowships under the programme.
122. The Chairperson said this was an important issue that the Council could consider. It was also worth reflecting on whether the condition of not rewarding countries not in good standing might motivate national leaders to meet their obligations. On the other hand, young people should not be penalized or deprived of opportunities because of circumstances beyond their control.

(b) Draft BWP 2024–2025

123. The presentation under this agenda item by the Secretariat is available at [Draft BWP 2024-2025](#).
124. The Chairperson invited the Secretariat (Mr Breulmann) to present the draft BWP 2024-2025, as contained in Document ITTC(LIX)/8.
125. Mr Breulmann said all activities proposed in the BWP 2024–2025 were continuations or follow-up activities to those implemented under the previous BWP, and no new activities were included. The first part of the report contained the 21 proposed activities that would require voluntary funding or funding under the core budget and the second part contained the terms of reference. Of the 21 activities, 14 required voluntary contributions and seven had been approved under core operational costs, comprising activities such as the Tropical Forest Update, the Annual Market Discussion and the Market Information System. Other items were related to statistics, communication and outreach, expert panels and the biannual review. The total amount requested in terms of voluntary contributions was USD 1.28 million in 2024 and USD 1.385 million in 2025. In addition to that, core operational costs for approved activities amounted to one million each year, for a total of USD 4.665 million.
126. Mr Breulmann said the activities were divided into five groups, as per the previous BWP. Group 1 comprised seven field-oriented activities in member countries. The issue of increased field presence had been raised by the producer spokesperson. The activities included legal and sustainable supply chains, with the participation of the private sector, the continuation and expansion of the teak Mekong project, criteria-and-indicator workshops, a statistical capacity building workshop, and follow-up on fire activities conducted under the previous BWP. Group 2 comprised one activity and three sub-activities—normative work on policy guidelines and other strategic work, implementation of gender guidelines, dissemination of forest landscape restoration guidelines, and support for phase 3 of an activity to support a women's group in Togo. Group 3 encompassed collaborative work with the CBD, the Collaborative Partnership on Forests (CPF), the United Nations Forum on Forests (UNFF) and others and collaboration on criteria and indicators for sustainable forest management. Group 4 comprised communication and outreach-related work, consisting of the same activities carried out under the previous BWP and funded mostly through the core budget, although translation of the ITTO website into Japanese was financed by the Government of Japan. Group 5 was the analytical, statistical and other recurring work, including TAG, CSAG, the Expert Panel, the Fellowship Programme, the Market Information Service (MIS), enhancement of statistical work, and the Biennial Review and Assessment of the World Timber Situation.
127. Mr Breulmann reported that funding commitments had been received for activity 1 to the amount of USD 1.467 million per year from IPIM in Macau for phase 2 and phase 3 of the Global Timber Index platform and the blockchain activity. Funding had also been committed for activity 3, which was for phase 2 of the teak Mekong project, the aim of which was to promote and improve the production of high-quality

teak and other valuable species and encourage regional and international cooperation to support the sustainable development of smallholder plantations, including a component in Togo.

128. He said TAG had submitted a concept note for donor consideration, titled, “Enhancing stakeholder capacity of tropical timber production member countries in carbon trading”. As previously mentioned, the Council had decided that any new activities to be included in the BWP were to be submitted as concept notes and, should there be donor interest, they could be integrated into the BWP later. This had been done for this proposed activity.
129. The Chairperson thanked Mr Breulmann for his presentation and opened the floor for comments and questions.
130. The delegate of the USA congratulated the Secretariat for its hard work in implementing the current BWP. Her delegation believed the presentation of the current draft BWP was more cohesive than in the past and made a concise presentation of the contributions of the work to the Organization’s goals and priorities as well as to global goals. She asked whether the review of the programmatic lines had been captured in the draft BWP and whether activities associated with preparatory work for the renegotiation of the ITTA should also be included.
131. Mr Breulmann responded that the review of the programmatic approach was included under administrative and financial activities. Activities associated with the extension or renegotiation of the ITTA, 2006 were not included but could be, potentially in the 2026/2027 BWP.
132. The delegate of the EU said her delegation welcomed the report on the BWP and thanked the Secretariat for its hard work. She highlighted the publication of the Tropical Forest Update, the statistical work, the Market Information Service, and the further work on building the Legal and Sustainable Supply Chains and Global Green Supply Chains platforms and the Timber Trade Portal. On activity 7, she asked whether the Secretariat had taken into account the work of FAO, the United Nations Environment Programme (UNEP) and others to establish the Global Fire Management Hub.
133. The Executive Director confirmed that ITTO took the activities of other organizations into consideration when planning its work, including in the important area of fire management. She noted the ITTO Guidelines on Fire Management in Tropical Forests and two recent fire-related projects in Indonesia and Peru. ITTO had also recently supported a UNFF country-led initiative in India on fire management. Overall, ITTO work on fire under activity 7 did take into account the work being done by FAO and other organizations. She said ITTO was seeking funds to carry the work forward: for example, the ITTO Guidelines on Fire Management in Tropical Forests requires updating, and she appealed to donors to help finance this. Given climate change, tropical forests are increasingly susceptible to wildfire as well as desertification. The Secretariat is in discussion with the UN Convention for Combating Desertification secretariat on enhancing cooperation between the two organizations. An MOU has been finalized and would be signed soon. The Executive Director invited a member of the Secretariat (Mr Hwan Ok Ma) to elaborate.
134. Mr Ma said ITTO was committed to supporting the Global Fire Management Hub with its materials and experience. In regard to the BWP activity, the Secretariat was seeking finance to enhance its ability to collaborate with FAO and UNEP, which were the two lead agencies for the Hub. The Secretariat was communicating with FAO and was ready to strengthen their partnership on fire management.
135. The Chairperson thanked the Secretariat for its responses and closed this agenda item.

MATTERS RELATED TO ARTICLE 15 OF THE ITTA, 2006 ON COOPERATION AND COORDINATION WITH OTHER ORGANIZATIONS – DECISION 7(LVII) (AGENDA ITEM 13)

136. The presentation under this agenda item by the Executive Director is available at [Matters Related to Article 15 of the ITTA, 2006 on Cooperation and Coordination with Other Organizations](#).
137. The Chairperson invited the Executive Director to brief the Council on this item.
138. The Executive Director welcomed the presence of the UNFF Director, Ms Juliet Biao, FAO Senior Forestry Officer, Ms Sheila Wertz, and representatives of other partner organizations. She showed a slide of the main activities ITTO had conducted with the CPF in 2023, including supporting the CPF Joint Call for Action for Forests towards 2030, which was delivered during the Sustainable Development

Goals (SDG) Summit and the UN General Assembly in September 2023. Ms Biao had kindly read a statement on behalf of ITTO at the SDG Summit.

139. ITTO had supported and participated with other CPF partners at a joint event, Turning the Tide on Deforestation, at the 27th Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC). At the event, ITTO the Executive Director asserted that the insufficient prominence given to forests as an effective nature-based solution to climate change needed to be addressed urgently.
140. ITTO further attended the CPF retreat in Nairobi in May 2023, which was held back-to-back with a UNFF Expert Group meeting. The Organization had supported a policy brief on forests and human health produced by the International Union of Forest Research Organizations (IUFRO), which was released as part of the 2023 International Day of Forests (IDF). ITTO also issued its own press release to mark the IDF.
141. ITTO is in talks with other CPF members, including FAO and the International Union for Conservation of Nature (IUCN), on how to contribute to a new joint initiative on primary forests. ITTO and other CPF members are planning two CPF high-level events to be held at UNFCCC COP 28.
142. ITTO was an active participant at the 18th Session of the UNFF. The Executive Director expressed her gratitude to the UNFF Director and secretariat and other participants for facilitating ITTO's participation, to contributing to the rich discussions that took place, particularly on forests, energy and livelihoods and the nexus between these. ITTO also contributed to the CBD–UNFF side-event, highlighting the interlinkages and work that could help achieve the Kunming–Montreal Global Biodiversity Framework and the Global Forest Goals. ITTO strongly advocated for more investment in sustainable forest management. Also, at the UNFF session, the Executive Director had moderated a panel with multilateral and regional funding institutions and banks on the transformative actions needed to channel funds to SFM, especially for tropical forests.
143. ITTO has worked closely with FAO for many years. In 2023, ITTO contributed to the forthcoming FAO publication, *The State of the World's Forests*, and participated actively in the 30th Session of the Asia-Pacific Forestry Commission, hosted by the Government of Australia. At the 26th session of the FAO Committee on Forestry (COFO), ITTO issued a joint press release with FAO and IUFRO on the global assessment of forest education. The Executive Director had presented at events held during COFO 26 on ITTO's contributions to the professional development of young people in forestry.
144. ITTO and FAO will be co-convening a regional workshop for Central America on forest statistics, to be held in Mexico in the first quarter of 2024. The two organizations were also leading the CPF joint initiative, Sustainable Wood for a Sustainable World (SW4SW). Much of ITTO's work was channelled into SW4SW as in-kind contributions.
145. ITTO co-hosted a side-event at an IUFRO Forest Products Conference in Cairns, Australia, in June 2023, and it will participate at the IUFRO World Congress in June 2024 in Stockholm, Sweden.
146. ITTO participated in the three-day virtual Nature for Life Hub in the lead up to CBD COP 15 in 2022, where it highlighted the importance of creating a planetary safety net for the world and its people. ITTO also participated in celebrations on the World Wildlife Day, in partnership with CITES, as well as in the CITES Plants Committee, and supports the implementation of CITES listings, such as through a recently completed project in Ecuador and in ongoing work in Madagascar and Cameroon. ITTO is assisting CITES on the listing of more than 200 African species and hoped to raise more funds to help members in addressing the requirements of these.
147. The updated MOU between ITTO and the CBD spans 2022–2026, and work is in progress to identify activities to operationalize this MOU. In 2023, ITTO participated in several events at CBD COP 15 and supported CBD events at UNFF 18 to showcase the joint initiatives previously conducted, especially field work in the Giam Siak Kecil-Bukit Batu Biosphere Reserve in Indonesia and the Emerald Triangle in Thailand, Cambodia and the Lao People's Democratic Republic. ITTO was proactive at UNFCCC COP 27 and will have a strong presence at UNFCCC COP 28.

148. ITTO supported the Government of Japan as host of the G7 Summit in 2023, including by participating in a number of key events and moderating the seminar, "Towards net zero and circular economy with sustainable wood use", in collaboration with the Japan Forest Agency and the Ministry for Foreign Affairs of Japan.
149. ITTO is in the final stages of the long accreditation process with the Green Climate Fund (GCF). The Secretariat has been in close contact with colleagues in the GCF in 2023, including meeting with the interim Chief Executive Officer. The Executive Director urged members with representatives on the GCF Board to fully support ITTO's accreditation when it is tabled for adoption. This would be crucial for enabling the consideration of ITTO in the larger programmes run not just by the GCF but also the Global Environment Facility (GEF) and the World Bank. GCF accreditation would exempt the Organization from several other accreditation processes, such as those associated with the Central African Forest Initiative and the Congo Basin Forest Partnership, and it would also increase the chances of funding through bilateral donors. ITTO had a good conversation with the Asian Development Bank (ADB), and talks were ongoing on how ITTO could contribute to ADB projects.
150. Other areas of cooperation included with Asia-Pacific Economic Cooperation (APEC) and MOUs with AFoCO, the Korea Forest Service, and many other bodies. ITTO undertook and continues to undertake many activities in the host country, Japan, renewed MOUs with various Japanese bodies, and held several political-level meetings in efforts to enhance visibility in Japan.
151. The Executive Director said ITTO was yet to see any significant assistance from member countries in accessing GEF-8 Replenishment funds through country-driven programmes, and she urged members to make further efforts in this regard. She then invited Ms Biao to make her intervention.
152. Ms Biao expressed her deep appreciation for the vital contributions made by the ITTO Secretariat to the work of the UNFF in the past year, including through its active participation in UNFF 18 and its invaluable involvement in various UNFF intersessional meetings, particularly those in preparation for the mid-term review of the International Arrangement on Forests. As chair of the CPF, she commended ITTO's active engagement in CPF-led events, including those convened at the SDG Summit and UNFCCC COP 27 and in relation to CPF joint initiatives.
153. Ms Biao said the UNFF Secretariat and the ITTO Secretariat are set to sign a joint initiative at the present session, which would outline strategic objectives and areas of cooperation between the two organizations and foster collaboration at various levels. Ultimately, it would contribute to implementation of the ITTO Strategic Action Plan and the UN Strategic Plan for Forests 2017–2030. She said the UNFF was the sole global political forum for forests with universal membership, and tropical forests and related concerns ranked among its top priorities. As a political forum, it was not expected to implement activities on the ground, hence the complementarity between the UNFF and ITTO. The UNFF and ITTO share the common overall goal of supporting member countries to restore, sustainably manage and maintain forests while promoting the sustainable production of forest products and ecosystem services. ITTO member countries are also among the wider UNFF membership, and ITTO was one of the few CPF member organizations that had integrated the UN Strategic Plan for Forests in its strategic action plan. There is considerable potential for joint initiatives between the UNFF Secretariat and ITTO.
154. Ms Biao highlighted several recent developments in the UNFF concerning tropical forest countries, including: a Country-led Initiative in India in support of UNFF 19 focused on wildfires and forest certification; the imminent launch of efforts to support high-forest-cover, low-deforestation countries, which consist of a group of countries that are significantly underfinanced in the global financing landscape; and the UNFF's Global Forest Financing Facilitation Network, which is assisting countries to mobilize financial resources for forests by providing capacity building for the development of bankable project proposals and national forest financing strategies.
155. Ms Biao said the UNFF has substantial potential to contribute to the work of ITTO and address the concerns of tropical forest countries. To fully harness this, it is imperative that the voices of ITTO and tropical forest countries are elevated at future UNFF sessions. The upcoming UNFF 19 is scheduled to be held in May 2024, and it would encompass a high-level segment. She encouraged all ITTO members to rally high-level participation for the session to ensure that the voices of tropical forest countries are heard prominently.

156. The Executive Director thanked Ms Biao and invited Ms Wertz to inform the Council about a large project under the GEF-8 Replenishment fund.
157. Ms Wertz presented on the GEF-8 Indo-Malaya Critical Forest Biomes Integrated Program, which is being co-led by IUCN and FAO and formed part of the larger GEF-8 Amazon, Congo and Other Critical Forest Biomes Integrated Program funded by the GEF. The essence of the Indo-Malaya Critical Forest Biomes Integrated Program lay in acknowledging the irreplaceable nature of the Indo-Malaya region's primary forests because of their biodiversity and climate benefits and other vital ecosystem services. Such forests faced critical threats, with over 60% of the region's original natural vegetation already lost. Moreover, about 70% of the primary forest in the Indo-Malaya biome is outside protected areas, hence lacking any form of protection. The aim of the Indo-Malaya Critical Forest Biomes Integrated Program is to preserve the integrity of this primary forest to maximize climate and biodiversity benefits while maintaining local livelihoods. This aligns with target 3 of the Kunming–Montreal Global Biodiversity Framework, which mandated the conservation of at least 30% of terrestrial areas by 2030, as well as numerous other targets, notably target 2 on restoration, 10 on sustainable management, and 14 on biodiversity mainstreaming.
158. The Indo-Malaya Critical Forest Biomes Integrated Program considers the Indo-Malaya biome to include nine countries, and the selected countries possessed significant portions of primary forest. The Integrated Program was designed to address comprehensive forest conservation and management through five components, which Ms Wertz outlined. For the current GEF-8 cycle, Lao PDR, Papua New Guinea and Thailand had submitted proposals to participate in the Integrated Program; in total, those projects accounted for 31% of the biome's intact forest landscapes. In Lao PDR, where most primary forests had inadequate protection, the focus of the action would likely be on safeguarding the integrity of primary forests, conserving globally significant biodiversity, mitigating greenhouse-gas emissions and enhancing the wellbeing of Indigenous Peoples and local communities. In Thailand, where most primary forests are in protected areas, the project would focus on engaging local forest-dependent communities and institutional stakeholders in protected areas and buffer zones to resolve conflicts around land tenure and land allocation. In Papua New Guinea, where a significant share of primary forests is outside protected areas, the focus would be on improving coordination between government agencies at all levels, developing integrated approaches to land-use planning and sustainable forest management, and ensuring that the rights of customary landowners are protected.
159. Ms Wertz said the Integrated Program could not be successful without the effective engagement of partners, either to directly support the execution of different components or to align relevant existing or future complementary initiatives with the Program. The aim of upcoming consultations is to pinpoint potential technical contributions to the Integrated Program and opportunities for alignment with initiatives with complementary objectives. ITTO has been identified as a potential technical partner, and she looked forward to further engaging to define the exact nature of collaboration. In June 2023, the Indo-Malaya Critical Forest Biomes Integrated Program was endorsed with a USD 42 million budget for full programme development, which is ongoing right now. The full programme document will be submitted to the GEF Secretariat in April 2024.
160. Ms Wertz said the Integrated Program aims to connect with other relevant projects and initiatives in support of a consistent regional strategy for upscaling the conservation and sustainable use of primary forests. The Integrated Program welcomes and encourages alignment with other initiatives and also the participation of countries in addition to the current three partner countries. The GEF-8 Indo-Malaya Critical Forest Biomes Integrated Program offers a new opportunity to strengthen the conservation and sustainable use of primary forests in the region and for cooperation with ITTO.
161. The Executive Director thanked Ms Wertz for her presentation and said ITTO looks forward to further discussions on how ITTO and the Integrated Program could complement each other's work. ITTO will work with FAO and IUCN to explore further opportunities. The Executive Director then introduced a video presentation by the CBD Secretariat.
162. In the video, Ms Jamal Annagylyjova, Forest Biodiversity Officer in the CBD Secretariat, presented on the Kunming–Montreal Global Biodiversity Framework, its linkages to the forest sector, and how collaboration between the CBD and ITTO could enhance the implementation of the Global Biodiversity Framework. In late 2022, Parties to the CBD adopted the Kunming–Montreal Global Biodiversity Framework with ambition that, by 2050, biodiversity would be valued, conserved, restored and wisely used to maintain ecosystem services for the planet and the benefit of all people. The Framework had four long-term goals to be achieved by 2050 through 23 action-oriented targets, grouped in three

clusters. Of these, one group was focused on reducing threats to biodiversity, a second was working to ensure that ecosystem services and functions were restored, enhanced and maintained, and a third was on the tools and solutions for implementation and mainstreaming. There was no forest-dedicated target but almost all targets were relevant to the forest agenda.

163. Ms Annaglyjova said data indicated that the global rate of deforestation had slowed; nevertheless, tropical forest area was continuing to decline, with a loss of almost 4 million hectares in 2022. This not only led to greenhouse-gas emissions but also the loss of biodiversity. In the last 50 years, monitored populations of forest-specialist species had declined by almost 80%, the key drivers being commodity-driven deforestation, infrastructure expansion and unsustainable logging. For this reason, the collaboration between CBD and ITTO, based on rich past experience, was uniquely positioned to address such issues. There had been three previous agreements between the two organizations, in 2010, 2011 and 2014, which supported the implementation of the Strategic Plan for Biodiversity and its targets. ITTO and the CBD had been working together to disseminate the ITTO/IUCN Guidelines on the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests, and the agreements also covered the implementation of 16 projects in 23 tropical countries, which received favourable evaluations. ITTO also acted as an implementing agency for a forest ecosystem restoration initiative in Guatemala.
164. Ms Annaglyjova said the new phase of collaboration between the CBD and ITTO had an ambitious goal, which was to support CBD parties and ITTO member countries to maintain, restore and enhance biodiversity and ecosystem services in tropical forests and landscapes while maintaining the sustainable production of timber and other products and services. This would support the two goals of the Global Biodiversity Framework to ensure healthy ecosystems and the sustainable management of biodiversity. The current agreement between the CBD and ITTO, which spanned 2021–2025, would, among other things, promote innovative approaches and practices; continue building capacity on the ITTO/IUCN guidelines; identify, develop and implement joint activities; and facilitate access by countries to bilateral and multilateral funding. There might also be a need for new guidelines to reflect the Global Biodiversity Framework objectives and targets, and the two organizations would also seek to enhance collaboration with other members of the CPF.
165. Ms Annaglyjova concluded her presentation by informing the Council that Parties to the CBD were revising their National Biodiversity Strategies and Action Plans (NBSAPs) with the aim of submitting them to COP 16 in 2024. The hope was that countries would be able to articulate and reflect the forest-related targets in their NBSAPs, as well as identify financial, technical and capacity-building needs for implementing the NBSAPs. Having such supportive plans for NBSAP implementation would provide a good basis for the CBD and ITTO to develop new initiatives to support the parties in implementing the GBF.
166. At the conclusion of the CBD video presentation, the Executive Director and Ms Biao signed a new MOU between ITTO and the UNFF Secretariat. Ms Biao said the MOU had the potential to enhance the contributions of ITTO member countries to implementation of the UN Strategic Plan for Forests.
167. The Chairperson invited interventions from the floor.
168. The delegate of the USA said his delegation greatly appreciated ITTO's efforts to coordinate and cooperate with external entities to leverage and amplify the impacts of ITTO activities. He particularly thanked ITTO for its valuable contributions throughout the USA host-year activities for the APEC Experts Group on Illegal Logging and Associated Trade (EGILAT). At the present session, the USA would pledge to support ITTO cooperation with CITES, as well as ITTO's work with other organizations such as the UNFF and the CPF, in line with its contributions in previous years. The USA appreciated the presence and participation of CPF members in the Council session, including the UNFF and FAO, and reiterated its support for enhanced cooperation between all CPF members. The delegate of the USA encouraged ITTO to continue its engagement in the meetings of other CPF members: each CPF member has unique mandates and technical skills, and enhanced cooperation is therefore a means for achieving the Global Forest Goals and the SDGs. Regarding the Executive Director's presentation on the GCF, he sought clarification on how members might support accreditation before November.
169. The Executive Director said her understanding was that all bodies that were being submitted to the GCF Board, either for re-accreditation or for first-time accreditation, would be sent to Board members two months before the board meeting. There was uncertainty about where ITTO was in the accreditation

queue, so the support of GCF Board members from ITTO member countries in accelerating approval of ITTO's application would be more than welcome.

170. The delegate of Japan said Japan, which had funded activities related to collaboration with the CBD and other members of the CPF, welcomed and commended the efforts of the ITTO Secretariat to engage with other multilateral organizations globally. Regarding cooperation with the UNFCCC, Japan's Ministry of Foreign Affairs had written to the Secretary General of the UNFCCC, Mr Simon Steele, who had replied last February. The delegate of Japan expressed hope that an MOU would materialize as soon as possible because it could assist in the accreditation process with the GCF, which is the main financial mechanism for the UNFCCC.
171. The Executive Director confirmed that the response of Mr Steele, which the Government of Japan had shared with the ITTO Secretariat, was extremely positive. She hopes to meet with him soon.
172. The delegate of the EU welcomed ITTO's cooperation and engagement in many forums, including those of CPF members, and encouraged the Organization to continue this work.
173. Referring to an earlier discussion, the Chairperson opened the topic of the possible establishment of a youth advisory group and sought views from delegates.
174. The delegate of Peru said this is a topic that had not yet been discussed at length in the producer caucus. His own delegation is pleased to see this initiative because it is important for ITTO to continue working with youth. He referred to the Fellowship Programme, which has been hugely successful in enabling young people to develop professionally, despite a recent decline in resources for the Programme. Nevertheless, he wasn't sure that the best solution would be to create an advisory group for youth. It would be important to strengthen the Fellowship Programme to increase the number of Fellowships offered. It would also be important to follow up with former Fellows, for example through a survey. This might provide a basis for increasing their effective and efficient engagement with ITTO.
175. The delegate of Costa Rica said his delegation fully supported the sentiments expressed by the delegate of Peru. If ITTO was to modernize and become stronger, it is necessary to engage young people more strongly. How best to do this is not yet clear. He agreed with the delegate of Peru on the need to better understand the impacts of the Fellowship Programme.
176. The delegate of New Zealand thanked the delegates of Peru and Costa Rica, whose statements articulated New Zealand's sentiment on the importance of youth engagement with ITTO. She asked whether the intention is to involve the proposed Youth Advisory Group in Council decision-making processes.
177. The delegate of the USA said his delegation appreciated the initiative and welcomed the participation of youth in Council sessions. The Executive Director had laid out solid justifications for how youth would present a fresh voice and perspective to Council sessions, which would be beneficial. Building on the intervention by the delegate of Peru, the USA would welcome enhanced interactions with Fellowship recipients. Having read some of the submissions this year, it is clear that ITTO Fellows were doing interesting things. One idea would be to invite them to participate through CSAG to present their technical expertise and studies and enrich the discussion in that way. The USA would be announcing support for CSAG in the amount of USD 20 000 to enable it to participate in future Council sessions. CSAG could be invited to more fully engage youth in its Council activities.
178. The delegate of Australia said he concurred with the comments made on the importance of youth engagement, and increasing the participation of ITTO Fellows in CSAG activities would be a good place to start. Australia would welcome a decision that captured that as a way forward for engaging.
179. The delegate of Japan said she concurred with the comments made by the delegates of Australia and the USA. Japan recognized the suggestions of the Secretariat to establish a youth advisory group and supported giving young people a voice in ITTO. Nevertheless, the draft decision seemed premature and would establish another layer and increase the workload of the Secretariat. Another way to engage young people would be through CSAG, and this could begin at the next Council session.

180. The delegate of the EU said it is important to engage with youth, and her delegation strongly supported the statements made by the USA, Japan and Australia on strengthening the involvement of youth in CSAG as a potential way forward.
181. The Chairperson said there seemed to be points of agreement that engaging youth more in the Organization is important, but at this stage there is no agreement on the draft decision. He invited the Executive Director to give her viewpoint.
182. The Executive Director said she had laid out in the earlier discussion on this topic about the importance of the Council considering establishment of a youth advisory group to complement the work of TAG and CSAG in enriching ITTO's work. Some members had said the draft decision had come at the last minute, but she had raised the concept at the 58th Session of the Council in November 2022. The Secretariat had said then it would be proposing this through the IAG for Council consideration at the present session. Alluding to the discussion on further engaging ITTO Fellows, she said many ITTO Fellows were now in forestry administrations or civil-society organizations, or working as independent consultants, in their own countries or internationally. The Fellowship Programme had provided opportunities for more than 1400 young professionals over the course of about 36 years, and not all of them would be in the youth group anymore, given the passing of time. Fellows had come to Council sessions in the past; indeed, many years ago, at least five Fellows were funded per session to attend each session to present their work. Those presentations were highly appreciated by Council members. Currently, however, an amount of USD 57 000 only was available for Fellowships in 2024, which is far from sufficient. In terms of the proposed Youth Advisory Group, it was not just about Fellowship recipients but about young professionals more generally, including students, and it was not just about civil society but also industry. Therefore, enlarging participation of CSAG would only address a proportion of the youth group, and stronger youth involvement would also be needed in TAG. The decision is in the Council's hands: if it is felt that it is too soon to establish an independent voice through a youth advisory group, so be it. To answer the question raised by the delegate of New Zealand, all ITTO advisory groups have an advisory capacity and it remained the prerogative of the Council and its members as to the weight it gave such advice in the decision-making process. In response to the worry expressed by the delegate of Japan that a youth advisory group would place an additional burden on the Secretariat, the Executive Director said this was unlikely to be the case and that the stronger engagement of youth would help raise the profile of ITTO through their own outreach efforts, especially via social media.
183. The Chairperson asked for guidance from the Council on whether a working group was required to look into whether a youth advisory group was warranted and to provide a roadmap on how to proceed.
184. The delegate of the USA reiterated and expanded on the suggestion made previously of a brief Council decision inviting CSAG and TAG to engage youth more deeply in the work of the Council. It could be an open-ended invitation for the 60th Session and future Council sessions. This would send a clear message that youth engagement is important and it is hoped they would respond to that. A separate decision could also be made to encourage the participation of previous Fellowship recipients in the Council. The delegate of the USA said there had been discussion in the caucus about forming a working group on this matter, and no delegation had supported the idea. The USA delegation would not support a working group on this issue.
185. The delegate of Australia said Australia concurred with the views put forward by the delegate of the USA and added that the focus of a decision to encourage greater engagement with ITTO Fellows should be specifically on recent Fellows who still qualified as youth.
186. The delegate of the EU said her delegation supported the statements made by the USA and Australia.
187. The delegate of Japan also concurred with previous speakers that a Council decision could request CSAG and TAG to involve youth to a greater extent and suggested an articulation of the benefits of bringing more youth to Council sessions.
188. The delegate of Peru said he supported the suggestion of Australia, the USA and the EU to encourage the greater involvement of youth through TAG and CSAG.
189. The Chairperson summarized that there was consensus to refine the draft decision in the Chairperson's Open-ended Ad Hoc Drafting Group, based on the points raised.

SPECIAL ACCOUNT AND BALI PARTNERSHIP FUND (AGENDA ITEM 14)

(a) Pledges to the Special Account and the Bali Partnership Fund

190. The Chairperson invited members and observers to announce any new contributions they might wish to pledge to the Special Account and the Bali Partnership Fund.
191. The delegate of Japan said the Ministry of Foreign Affairs of Japan pledged USD 251 729 as a voluntary contribution. The breakdown of this comprised USD 180 000 for project number PD 912/20; USD 15 000 for activity 6, statistical capacity-building workshops; USD 20 000 for activity 9, conservation and sustainable use of biodiversity in tropical timber production forest; USD 25 000 for activity 14c, translation of the ITTO website and relevant PR materials into Japanese; and USD 11 729 for the ITTO Fellowship Programme. Japan would provide additional funding of JPY 130 million, which was more than the previous year. With the depreciation in the yen, this was equivalent to about USD 950 000. Japan attached importance to results and would particularly contribute to projects with numerical targets that would address global-scale issues such as climate change and biodiversity conservation, which the public was increasingly concerned about. Japan looked forward to considering such project proposals by producer countries.
192. In addition to the amount pledged by the Ministry of Foreign Affairs, the Japan Forestry Agency pledged about USD 530 000 in total, comprising USD 212 088 for project PD 935/23 in Malaysia; and USD 320 000 for PD 808/16 in Côte d'Ivoire. The former project would contribute to the Legal and Sustainable Supply Chains programmatic line and the latter would contribute to the Resilient Livelihoods programmatic line.
193. The delegate of the USA said the total pledge of the USA was USD 551 265, with some left in reserve. He announced funding for two country-specific activities—one in Cameroon for concept note CN-21009 and the other in Malaysia for project PD 903/19; for the latter, the contribution would take funding above the 50% threshold. The USA also announced funding for various activities in the BWP.
194. The delegate of Japan informed the Council that Japan had interest in contributing to project PD 933/23 on a global conference on teak but required further consultation with the Government of India.
195. The delegate of Peru thanked Japan for its generous contribution to project PD 912/20, which would contribute to the sustainable development of Peru's timber industry.
196. The delegate of Côte d'Ivoire thanked the Government of Japan for its funding for PD 808/16.
197. The delegate of Malaysia thanked the governments of Japan and the USA for their support for project PD 903/19, which would contribute to the sustainable and efficient development of Malaysia's wood industry.
198. The delegate of Togo thanked the Government of Japan for its support for a project now underway in northern Togo and expressed hope that similar support might be forthcoming for the project's second phase.
199. The Chairperson thanked the governments of Japan and the USA for their kind generosity and expressed the need for more contributions.

(b) Report of the Panel on Sub-Account B of the Bali Partnership Fund

200. The Chairperson reminded members that, in accordance with the recommendation of the IAG, the panel on Sub-account B of the Bali Partnership Fund had not convened as the BPF has less than US 6000.
201. The Chairperson asked members whether there were any objections.
202. In the absence of any objections, the BPF panel did not convene, and no report was presented.

IMPLEMENTATION OF ITTO'S NEW FINANCING ARCHITECTURE, PHASE II – DECISIONS 4(LVI) and 8(LVII) (AGENDA ITEM 15)

203. The presentation under this agenda item by the Executive Director is available at [Implementation of ITTO's New Financing Architecture, Phase II](#).
204. Referring to Council Decision 8(LVII) on the role of the Advisory Board, the Executive Director said there remained one outstanding task, which is to review the pilot programmatic approach. As stipulated in the decision, three Advisory Board meetings had been held per year, but the Advisory Board had agreed that there had been insufficient evidence for an adequate review of the effectiveness and long-term viability of the pilot programmatic approach. The Advisory Board had again considered a possible timeline for the review at its second meeting this year. Ultimately, it had agreed to postpone the review until the 60th Session of the Council in 2024. The draft terms of reference for the review had been discussed by the Advisory Board and would be finalized at its first meeting in 2024.
205. The Executive Director said that, under the new financing architecture, the first open call for concept notes was launched in December 2020 as per Decision 4(LVI), and she displayed the cumulative results since then. Of the 40 submissions received, only nine had attracted donor funding. This was one reason why the Advisory Board had felt it was still premature to conduct a review of the effectiveness and long-term viability of the pilot programmatic approach.
206. The Executive Director gave an update on the BWP activities and projects that had received funding intersessionally from donors. The programmatic lines were already linked to the relevant BWP activities. Of the four lines, the most successful in attracting funding to date is the Legal and Sustainable Supply Chains programmatic line. Interest was also increasing in the Forest Landscape Restoration and Resilient Livelihoods lines. In total, the funding received from donors in 2023 amounted to USD 3 844 753. The main intersessional donors were China, Macau SAR and Germany through its Federal Ministry of Food and Agriculture. In total, USD 12.1 million had been raised over a five-year period, which is an average of USD 2.4 million per year.
207. The Executive Director presented a slide showing that financial support for the programmatic approach far exceeded that provided via other non-programmatic avenues. Another slide showed the projects, activities and concept notes that are pending finance, with a total value of USD 11.1 million. Fourteen projects and concept notes at a value of USD 6.2 million would sunset in 2024.
208. The delegate of Peru congratulated the Executive Director for her frank report on the new financing architecture. Despite hopes five years ago when the pilot programmatic approach had commenced, it had not obtained the desired results. The problem was not the structure itself. There had been the Organization's financial issues in 2014 and 2015, a global financial crisis and the pandemic. These were only partial explanations, however. He said the Executive Director was working with partner organizations to promote alliances, and ITTO was open to new approaches. There is a need to find smarter, more proactive ways of obtaining funds, and this links to enhancement of the ITTA 2006. ITTO is the only organization focused on the sustainable management of forests, which is a competitive advantage. The preparatory working group constituted by the Council to discuss the extension and renegotiation of the ITTA might make suggestions for a different approach.
209. The Chairperson thanked the delegate of Peru for his intervention and agreed that new ways were needed to attract funding, which could perhaps be explored in the renegotiation of the ITTA.
210. The delegate of Germany asked the Secretariat what explicitly could be done by ITTO to follow up on the project described by the FAO representative on the previous evening, with a value of USD 42 million focused on the Indo-Malayan biome. His understanding was that ITTO could be a potential implementing agency for the project.
211. The delegate of Australia said Australia was looking forward to resuming this conversation. Forest-related official development assistance had doubled in recent years, but much of it was being channelled through multilateral funds. Australia welcomed the efforts of the Secretariat with regard to the GCF, which Australia had recently re-joined. Australia would be fully supportive of ITTO in its efforts to obtain GCF accreditation. These were the opportunities the Organization needed to focus on, and he thanked the producer caucus as well for recognizing that. He alluded to a recommendation in the mid-term review of the International Arrangement on Forests for CPF partners to look to organizations like ITTO that are

non-UN members that could more easily receive funds from outside sources to help with CPF activities. Australia hoped this would be supported at the next UNFF session. The delegate of Australia said the new financial architecture and the concept notes were helpful for Australia, which was in a position to make ad hoc contributions to projects every few years. Having concept notes that applied to a complete range of sustainable forest management projects and geographies helped in reaching out to other ministries when they had available funds in an effort to connect them with those projects. That was how Australia had been able to source funds for its three pledges in previous years and hoped it would be able to do something similar in coming years.

212. The delegate of the USA thanked the Executive Director and Secretariat staff for their efforts. In terms of fundraising, the Council was asking a lot of the Secretariat. Nevertheless, the programmatic lines showed promise and had been able to leverage more money in the past few years, including from new donors like China, Macau SAR. Although a large number of concept notes were not being developed into projects, the data did not capture the savings in time and effort on the part of producers in developing projects that never became funded. He said the Executive Director had mentioned previously about outreach to multilateral development banks, and the USA was curious to understand the strategy behind that as well as on outreach to foundations related to industry groups and private companies.
213. In response to the intervention by the delegate of Germany, the Executive Director said she asked FAO to present on the project to give the Council more information on how such projects were framed and executed. It is a huge project of USD 42 million, and ITTO became aware of it from its monitoring of the GEF website. It is a project ITTO could have implemented, but the Organization was not one of the 18 GEF-accredited implementing agencies. The Executive Director had asked the GEF Chief Executive Officer if there would be appetite in the GEF Council to increase the list of 18, who had responded, no, the GEF Council did not have the appetite to do so. The only other way to get involved in GEF projects was to build strong partnerships with GEF-accredited bodies, including FAO and IUCN. ITTO is one of 17 potential partners in the project. When the Secretariat had initially approached FAO and IUCN, it was told that ITTO would need to bring co-funding, such as through projects that are being implemented in 2024 and 2025 that would complement the GEF-8 Integrated Program. ITTO projects are approved at each Council session, so it remains to be seen which projects would be approved for funding at the current session. Active evidence is needed of projects being implemented on the ground that would complement the GEF-8 programme. There is a need to find the right hook, which is what ITTO is working on with FAO.
214. The Executive Director said she had gone further to inquire whether ITTO could assist in in-country capacity building and training, where ITTO has considerable experience. Further intensive technical discussions would be needed to identify where ITTO might have a niche and then to determine the proportion of funding that could potentially come to ITTO. ITTO will continue to pursue this and other potential funding options by showing what ITTO could bring to a partnership to add value.
215. The delegate of Germany said he was grateful for these explanations. No one expected it would be easy to tap into these other sources of funds, but it is worth the effort. For example, ITTO had unfunded proposals worth USD 11 million, yet here was a single project in a handful of countries worth USD 42 million, which showed the considerable potential of multilateral financing opportunities. The delegate of Germany said he agreed with the Executive Director that it is necessary to find the right hook to gain access to such funds. The Council needed to advise on the procedure for doing so. He considered that becoming an implementing agency, as FAO had become in this project, would be a proper task for ITTO for activities that matched with ITTO's programme. His delegation was interested in how this could match with the Organization's procedures. The Council needed to agree on projects, so the question was how this could best be brought together.
216. The Executive Director responded that, when the opportunity arises for a partnership with another CPF member or a multilateral body, advice could be obtained from the Advisory Board to determine whether it should be a project proposal or a project agreement. The procedures are already established, and Council approval would be sought. If a response was required quickly, the procedure could be conducted intersessionally. She repeated her request for members that sat on the councils and boards of the GEF, the GCF and the multilateral banks to support ITTO because a multipronged approach is needed, including through ministers and heads of state. The Executive Director thanked the delegate of Australia for recognizing the efforts of the Secretariat in pursuing these avenues, which is time-consuming. She pointed out that, without accreditation, ITTO needs to work through accredited bodies, which means it had less control on the development of projects. Nevertheless, the relationship developed over many

years between ITTO, FAO and IUCN means they would hopefully consult ITTO on what was deliverable for relevant activities under the forest biome Integrated Program.

217. The Executive Director noted that ADB had sought ITTO support for a project in India worth USD 50 million related to bamboo and the development of an industrial park. The Secretariat supported ADB on this but did not seek to be a partner because bamboo is under the purview of INBAR. She expressed the view that the Government of Japan could be a tremendous support to enable stronger engagement with ADB because of the many Japanese colleagues working at ADB and Japan's strong financial contributions to it.
218. The delegate of Japan commented that the programmatic approach appeared to be having positive results, and Japan looked forward to the findings of the review at the next Council session. She said donors could not finance all proposals and concept notes and acknowledged the Secretariat's efforts to diversify financing sources, such as through the GCF and the GEF. Regarding the GEF, it is difficult to expand the number of implementing agencies. She is an alternate on the GEF Council and had tried to raise this issue, but the GEF operated on a four-year cycle of replenishment, with GEF-8 spanning 2022–2026, and there would be no discussion on an expansion until at least 2026. She did not see any positive sentiment in the GEF Council to expand because it had been frozen for the past ten years or more. Nevertheless, a new fund has been established in the GEF called the Global Biodiversity Framework Fund, currently totalling USD 200 million, which would be operational from 2024. She encouraged producer countries to reach out to their GEF focal points to utilize this fund and make a connection with ITTO. She ended her intervention by expressing the hope that ways could be found to increase the financial contributions of philanthropies and the private sector.
219. The Chairperson thanked the delegate of Japan for shedding more light on the topic. He said most producer countries would reach out to the GEF and GCF, and some countries did in-depth analyses and were able to obtain funds. Ghana, for example, had received funding of USD 53.4 million from the GEF. So most producer countries would do what they could to complement whatever was received through ITTO. The funds from ITTO were small but important.

REPORTS OF THE COMMITTEES (AGENDA ITEM 16)

220. Quorum was assessed and obtained prior to the commencement of this agenda item.

Committee on Economics, Statistics and Markets (CEM) and Committee on Forest Industry (CFI)

221. Mr. Samuel Mawuli Doe (Ghana), Chairperson of the CEM and CFI, presented the report of the 57th Session of the Committee on Economics, Statistics and Markets (CEM) and the Committee on Forest Industry (CFI), as contained in Document CEM-CFI(LVII)/5.
222. He said the committees had noted the work carried out under three completed projects. One of these, in Ghana, had improved knowledge and capacity on forest governance and forest management practices for forest communities in the Mankranso Forest district. Another project, in Mozambique, had developed a log-tracking system in Sofala Province, a major log export hub. The third completed project, in Honduras, had developed forest management and marketing plans for 12 lesser-known and lesser-used timber species. The committees had also reviewed progress in the implementation of two ongoing projects and one project pending financing under CEM and three ongoing projects and two projects pending financing under CFI. The committees had recommended that all three projects pending financing to Council for immediate funding. The committees noted that the Malaysian project on sustainable wood use, which would be approved at this session and had arisen from a concept note submitted under a call for proposals, would be financed by the Government of Japan.
223. Mr Doe said a joint session of all committees had successfully convened Trade and Markets Day, including the Annual Market Discussion. This joint session had covered the following CEM policy work: market access; forest and timber certification; cooperation between ITTO and APEC EGILAT; and the final report of the IMM. The committees had also considered the following CFI policy work items: analysis of timber legality assurance systems in China and Viet Nam; and promotion of sustainable wood use in domestic markets in Indonesia, Thailand and Viet Nam.
224. The CEM/CFI committees had decided to include the following policy items in the CEM agenda in 2024: market access; forest and trade education; and ITTO cooperation with APEC EGILAT. They had decided

to include the following policy item in the CFI agenda in 2024: promotion of sustainable wood use in domestic markets. The committees had unanimously elected Ms Catherine Karr-Colque (USA) as Chairperson of CEM and CFI for 2024 and awaited the names of producer member nominees for Vice-chairperson in 2024, who would be elected at the start of the next session.

225. Mr Doe drew the attention of delegates to several amendments to the draft report, which were not reflected in the distributed version. The Secretariat had taken note of the changes, which would be included in the final report. On behalf of the committees, Mr Doe expressed his appreciation to members, interpreters, Secretariat, the Royal Forestry Department and everyone else who had contributed to the successful convening of the committees.
226. The delegate of the EU expressed surprise that the draft report of the joint committee session held on Tuesday, comprising Trade and Markets Day, contained only the afternoon component and not the CSAG event that had been convened in the morning. She requested an explanation for this omission.
227. The Executive Director explained that a report of the full Trade and Markets Day would be provided as an annex to the Council report.
228. The delegate of the EU thanked the Executive Director for this explanation and requested that the annex be published at the same time as the Council report.
229. The Executive Director clarified that this would be the case.
230. The report was adopted.

Committee on Reforestation and Forest Management

231. Mr Jorge Mario Rodriguez Zuniga (Costa Rica), Chairperson of the CRF, presented the report of the 57th Session of the Committee on Reforestation and Forest Management (CRF), as contained in Document CRF(LVII)/6. He said the committee had met three times during the session to discuss 16 agenda items. It had revised one pre-project and two activities for the BWP. The committee was pleased that the teak project in the Mekong region financed by Germany's Federal Ministry of Food and Agriculture had contributed significantly to strengthening teak supply chains and international cooperation. The committee praised the leadership of the Royal Forestry Department of Thailand and Kasetsart University in the project.
232. The committee also welcomed the empowerment of a women's group in the restoration of a forest landscape in Togo through the African Women's Network for Community Management of Forests, with the financial support of Soka Gakkai. On policy work, the committee had discussed the following subjects: dissemination of the ITTO Guidelines on Forest Landscape Restoration in the Tropics; the ITTO–CBD Joint Initiative for the Conservation of Tropical Forest Biodiversity; adaptation of the ITTO Criteria and Indicators for the Sustainable Forest Management of Natural Tropical Forests to the African context; and forest fire prevention and management.
233. On the topic of the conservation and sustainable use of biodiversity in timber-producing forests, ITTO and the CBD had renewed and extended their MOU to 2025. The committee adopted the working programme for 2024 and 2025 for this joint initiative between ITTO and the CBD, thereby demonstrating a commitment to engaging with local stakeholders to address the loss of biodiversity and align with the Kunming–Montreal Global Biodiversity Framework.
234. On the prevention and management of forest fire, the committee had recommended that ITTO continue to support capacity building in this area. The committee had also recommended that ITTO participate actively in the Global Fire Management Hub, created recently by FAO and UNEP to foster knowledge exchange and the dissemination of information.
235. Mr Rodriguez said that, in the absence of the Chairperson, it had been his honour to chair the committee at the present session. He looked forward to working closely with the incoming Vice-chairperson to ensure the continued success of the committee. He thanked all those who contributed to the work of the committee and acknowledged the generous support of Japan, the USA, Germany, the Republic of Korea and Australia, which had boosted important projects on forest landscape restoration, climate-change

adaptation and mitigation, biodiversity conservation and other initiatives that empowered women and producer members. He thanked the interpreters, translators and Secretariat.

236. The report was adopted.

Committee on Finance and Administration

237. Mr Björn Merzell (Sweden), Chairperson of the CFA, presented the report of the 38th Session of the Committee on Finance and Administration (CFA), as contained in Document CFA(XXXVIII)/8. Mr Merzell said the committee had examined the Organization's administrative budget and management operations; reviewed its assets, liabilities and revenues and the extent to which these constrained the work of the Secretariat; reviewed the independent audited statements pursuant to the requirements of the ITTO auditing standards; discussed recommendations to the Council; discussed and adopted an update to the project audit framework; and made deliberations on matters related to Article 19 of the Council. The committee had decided to make the following recommendations to the Council: to approve the biennial administrative budget for the financial years 2024 and 2025 in the amount of USD 7 104 228 and USD 7 104 278, respectively; to approve the financial report prepared in accordance with ITTO's Financial Rules and Procedures for the financial year 2022; to take note of the list of disclosures required by the financial rules, endorse the list of sole providers and approve the list of banks and financial institutions; to adopt updates to the project audit framework, as contained in document CFA XXXVIII/7 and immediately implement the framework for all future project audits; and to take note of the deliberations held regarding matters related to Article 19 of the ITTA, 2006 on the Administrative Account. In ending his presentation, Mr Merzell thanked the Secretariat for its assistance and hard work and extended his deepest appreciation to the Government of Thailand for hosting the meeting and for its generosity and gracious hospitality.

238. The report was adopted.

ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON OF THE COUNCIL FOR 2024 (AGENDA ITEM 17)

239. Quorum was assessed and obtained prior to the commencement of this agenda item.

240. The producer spokesperson nominated Ms Anna Tyler from New Zealand as the Chairperson of the Council.

241. The consumer spokesperson informed the Council that a nomination had not yet been received for the position of Vice-Chairperson but expected this to be forthcoming.

242. The Chairperson thanked both spokespersons and proposed, by acclamation, the nomination of Ms Anna Tyler from New Zealand as incoming Chairperson.

243. The Chairperson invited Ms Tyler as the incoming Chairperson to make an intervention.

244. Ms Tyler thanked the producer spokesperson for the nomination, the Royal Forestry Department of Thailand for hosting the meeting and the outgoing Chairperson. She also thanked outgoing producer spokesperson, Mr Jorge Malleux, with whom she had worked for a number of years. She said she and Mr Malleux had built a strong working relationship based on mutual respect and expressed hope that the two new spokespersons would continue this spirit of collaboration and take it forward. She thanked retiring Secretariat members, Mr Johnson and Mr Ma, for their long service to the Organization. She thanked the Executive Director for her energy, enthusiasm, strong advocacy and careful eye on the costs and management of the Organization. She thanked the Secretariat for its work and the interpreters for their efforts.

245. Ms Tyler said the Organization had important intersessional work to conduct in 2024, and she encouraged all members to participate in the open-ended preparatory working group to put their views forward.

246. At the conclusion of her intervention, Ms Tyler presented a plaque to the Chairperson to commemorate his term. The Chairperson responded that it was something he would always cherish. He said it had been a great pleasure and honour to serve the Council, and he would remain forever grateful for the

opportunity. He invited nominations for the Vice-chairperson but, in the absence of these, indicated that the election could be held intersessionally or at the next Council session.

DATES AND VENUES FOR THE SIXTIETH AND SIXTY-FIRST SESSIONS OF THE COUNCIL AND THE ASSOCIATED SESSIONS OF THE COMMITTEES (AGENDA ITEM 18)

247. The Chairperson said that, to maintain the established practice of setting session dates and venue at least 18 months in advance to facilitate logistical arrangements, the Council was to set the dates for the next two sessions. He invited the delegate of Japan to take the floor.
248. The delegate of Japan announced that the City of Yokohama would be pleased to host the 60th Session of the Council on 1–6 December 2024.
249. The Chairperson opened the floor to the producer caucus in case there was any announcement on venue for the 61st session, which was due to be held in the Latin America and Caribbean region. The delegate of Peru said the caucus had been consulting on this matter but did not yet have a definitive response. He announced Mr Zahrul Mutaqqin (Indonesia) as the next producer spokesperson.

DECISIONS AND REPORT OF THE SESSION (AGENDA ITEM 19)

250. Quorum was assessed and obtained prior to the commencement of this agenda item.
251. The decisions adopted by the Council are contained in Annex III. The full text of all decisions, including annexes, is available on the ITTO website.
252. The Chairperson introduced draft Decision 1(LIX) "Projects, pre-projects and activities". There being no comments, the Council adopted the decision.
253. The Chairperson introduced draft Decision 2(LIX) "Administrative budget for the 2024 and 2025 financial biennium". There being no comments, the Council adopted the decision.
254. The Chairperson introduced draft Decision 3(LIX) "ITTO Biennial Work Programme for the years 2024-2025". There being no comments, the Council adopted the decision.
255. The Chairperson introduced draft Decision 4(LIX) "Management of the administrative budget". There being no comments, the Council adopted the decision.
256. The Chairperson introduced draft Decision 5(LIX) "Matters pertaining to Article 44 of ITTA, 2006". There being no comments, the Council adopted the decision.

CLOSING OF THE SESSION (AGENDA ITEM 20)

257. The Chairperson invited closing remarks from the floor.
258. The Executive Director read a statement on behalf of Mr Ewald Rametsteiner (FAO). In the statement, Mr Rametsteiner spoke of the importance of forest-based solutions for addressing global challenges and the need to collaborate in upscaling these, including through the CPF. In 2022, he said, FAO's Committee on Forestry, and its regional forestry commissions, had taken note of the Ministerial Call on Sustainable Wood issued at the World Forestry Congress and recommended that FAO support members in promoting and scaling up legal and sustainable wood products and related value chains as part of national strategies and efforts. FAO and ITTO were lead partners of the CPF joint initiative, SW4SW, the aim of which was to strengthen legal and sustainable wood value chains by enhancing their economic, social and environmental benefits. FAO looked forward to working with ITTO and its members to scale up collaboration on legal and sustainable wood use with a view to achieving more low-carbon and circular bioeconomies and more resilient sustainable societies.
259. FAO and ITTO, in partnership with IUFRO, were also collaborating in a CPF joint initiative on forest education. FAO was committed to building the capacities and skills of the next generation and enabling practitioners to connect, learn and innovate and looked forward to collaborating further with ITTO on this. ITTO was also a longstanding partner with FAO on harmonizing definitions, data collection, monitoring, assessment and reporting. Since 2011, ITTO had been a partner in the Collaborative Forest Resources Questionnaire, in which partners jointly collected and shared forestry data through the FAO

Global Forest Resources Assessment process. Likewise, FAO collaborated closely with ITTO and other partners in the context of the Intersecretariat Working Group on Forest Sector Statistics, which included the joint development of standards and classifications of forest products. For example, cross-laminated timber products were recently taken up in the Harmonized System, and this would provide trade data for this increasingly important forest product. Mr Rametsteiner concluded by assuring the Council of FAO's commitment to achieving more impact at scale in areas of relevance for members, including the UN Strategic Plan for Forests, the Global Forest Goals and the SDGs and to do so in collaboration with key partners, including ITTO.

260. The producer spokesperson read a statement on behalf of the producer caucus concerning the EU deforestation regulation (EUDR). The producer members of ITTO had strengthened forest governance over the years to address global concerns about deforestation, forest degradation and climate change. According to the main objective of the ITTA, 2006, in the context of a free, legal and sustainable tropical timber market, this was reflected in the commitment of producers to sustainable forest management through timber legality assurance, voluntary partnership agreements, forest certification and harmonious partnerships with consumer members. The producer caucus concurred with the statement made by TAG that the EUDR would have a significant impact on the tropical timber trade in the EU and serious implications for tropical timber-producing countries. The EUDR was a unilateral discriminatory action that created unnecessary barriers and could lead to disastrous outcomes for the supply chains of timber and agricultural resources, especially for developing countries and smallholders. The regulation did not take into account and did not respect the multilateral commitments of producer countries, including the principle of common but differentiated responsibilities and respective capacities, and tended to be discriminative and punitive. The EUDR also lacked clarity on the definition of forest deforestation and forest degradation. It ignored the important efforts and huge investments made by producer countries to adopt strict legal and technical measures to tackle deforestation and illegal logging and had not considered inclusivity and open consultation or the limitations of smallholders. Moreover, the EUDR, with its one-size-fits-all approach, would create wider economic disparity among smallholders, which would lead to increased poverty among them and potentially more forest degradation, thereby risking achieving the opposite to the intended effect of the EUDR. The producer caucus therefore requested the EU to respect the efforts made by producer countries to improve the livelihoods of communities through sustainable development in the midst of challenges on financing, access, technology and technical assistance and requested the urgent revision of the EUDR for a practical approach and measures to meet the needs of countries and smallholders. In line with Article 30 of the EUDR, the producer caucus called for a partnership that enabled the full participation of all stakeholders, especially in producer countries, and to reconsider the implementation of the EUDR.
261. The delegate of the USA thanked the Government of Thailand for its gracious hospitality in hosting the meeting. She congratulated the Chairperson for his able leadership of the session and for bringing it to a productive close. She expressed gratitude to the Executive Director for her leadership and the Secretariat for its efforts in hosting the session and its productive work over the past year. Her delegation joined others in expressing deep appreciation to Mr Johnson and Mr Ma for their years of service to ITTO. Over the years they had interacted with many different US delegations, both on policy and project work, all of whom would no doubt attest to their professionalism, sense of humour and collaborative approaches. She wished the two retiring officers the best in the next chapters of their lives.
262. The delegate of the EU said the EU and its 27 member states expressed its sincere thanks to the Government of Thailand, the chairs and co-chairs and the ITTO Secretariat for their work in hosting the session, wished the newly appointed chairs and co-chairs all the best, and thanked the interpreters for their valuable help. She said everyone in the room was concerned about the state of the world's forests and the attendant consequences for the world's climate and biodiversity and, as consumers of timber and timber products, all had to act. The EU would ensure that its consumption did not drive further declines in the EU or beyond its borders. Therefore, the EU was glad to have had the opportunity to make a presentation on the EUDR. The EU understood that this regulation, which entered into force on 29 June 2023, raised questions for some members and operators. In this context, the delegate of the EU noted that there were still some misperceptions and factual errors. She reminded delegates that the EU had announced forthcoming demand-side measures in 2019 and hosted a big international conference on forests for biodiversity and climate in February 2020, at which such measures were discussed. Since then, throughout the process of impact assessment, drafting and now implementation of the EUDR, the EU had engaged with third countries and interested parties via the deforestation stakeholder platform and countless meetings with all stakeholders, including in the margins of ITTO meetings. Nevertheless, the EU warmly welcomed any cooperation and looked forward to continuing to engage with all interested third countries and along supply chains to broaden understanding of the new

rules and was open to answering questions bilaterally. As well, the EU appreciated the hard work and engagement of ITTO and its committees to provide a forum for consultation and to enhance the capacity of members to implement strategies for achieving exports of tropical timber and timber products from sustainably managed sources.

263. The delegate of the EU said the EU welcomed the convening of Trade and Markets Day by CSAG and TAG and strongly encouraged ITTO and its committees to give members the chance to obtain a broad, up-to-date picture of items regarding sustainable forest management. To this end, the EU encouraged ITTO and its committees to invite a broader set of stakeholders, including environmental non-governmental organizations, to participate in Trade and Markets Day. The EU acknowledged the efforts of ITTO to increase public awareness on all relevant aspects of the world timber economy and welcomed the linking of the ITTO website to the YouTube channel that contained a recording of the afternoon session of Trade and Markets Day. Nevertheless, the EU regretted that the public could not get the whole picture of Trade and Markets Day because the morning session, which included the CSAG event and the EU presentation, was not recorded or made public. EU governments were emphasizing multilateral environmental financing, and she underlined the importance of continuing to examine the new financial architecture to see what could be done to increase ITTO's access to such funds. The EU looked forward to discussing this item at the 60th Council Session.
264. The delegate of India extended congratulations to the Chairperson, the ITTO Secretariat and the Government of Thailand for hosting the session. He said India was committed to sustainable forest management and, despite its economic growth, had been able to increase its forest cover substantially in recent decades and also its biological resources. India was keen to work with ITTO and in the preparatory working group to identify elements for consideration in the future negotiation. He expressed hope that ITTO would provide an effective framework for consultation and for international cooperation and policy development. He thanked all CPF organizations for their participation in Council sessions and other forestry forums and their support for member states.
265. The UNFF Director, Ms Biao, extended her gratitude to the Government of Thailand for its warm hospitality and to the ITTO Executive Director of ITTO for the invitation to the UNFF Secretariat to attend the session. There was a natural relationship between the two organizations, and the recently signed MOU would formalize this. As she had previously mentioned, ITTO was one of the few CPF members that had integrated the United Nations Strategic Plan for Forests into its own strategic action plan. She expressed confidence that the UNFF Secretariat would continue to work well with ITTO, and she looked forward to translating the goodwill into concrete outcomes for the benefit of member countries.
266. In his closing remarks, the Chairperson said it had been a great honour to serve as Chairperson and to preside over the 59th Session of the Council, and he expressed sincere appreciation to all participants. It had been a productive session, with five important decisions that would help guide the work going forward. The decision to address the issue of member arrears was a good starting point for resolving this vexed issue. There had been substantive policy discussions during the session, especially during Trade and Markets Day, which had become an important part of the ITTO calendar. This year, presentations had ranged widely, from the status of forest and timber certification, to the implementation of the EUDR, to the challenges facing smallholders in community forests, especially in light of trade-related measures. All presentations from the day were available on the ITTO website, as well as an extended summary of the Annual Market Discussion. He urged delegations to use these resources to help inform decisions and policies in their countries and reminded them that ITTO has generated many such resources over its long history. This immense body of work should not be undervalued, nor the extent to which it had helped shape policies on sustainable forest management and the timber trade.
267. The Chairperson thanked the Government of Thailand, the Royal Forest Department, the City of Pattaya and Chon Buri Province for hosting the session. He thanked all guests who had provided their expert inputs to Trade and Markets Day and other aspect of the Council's work. He thanked the interpreters and invited delegates to give them a round of applause. He thanked the donors for the pledges made during the session and expressed hope that more pledges would be forthcoming intersessionally. He offered his personal thanks to the two spokespersons, who had always been tireless in their efforts to bring the two sides together. He paid tribute to outgoing producer spokesperson, Mr Jorge Malleux, for his long service and dedication to ITTO and invited delegates to give a round of applause in appreciation. The Chairperson thanked other office holders, the Secretariat and all those involved in working groups, contact groups and the Chairperson's Open-ended Drafting Group. He thanked the Executive Director, who had provided such exemplary leadership during the week and ever since she had stepped into the

position. He added his voice in thanking Mr Johnson and Mr Ma for their long service to the Organization. He then closed the session.

ANNEX I

LIST OF PARTICIPANTS

Document: ITTC(LIX)/Info. 2



INTERNATIONAL TROPICAL TIMBER COUNCIL

ITTC(LIX)/17
Page 43

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ITTC(LIX)/Info.2
16 November 2023

ORIGINAL: ENGLISH

FIFTY-NINTH SESSION
13 – 17 November 2023
Pattaya, Thailand

LIST OF PARTICIPANTS

This list is based on communications received to date. The format and data of the entries in this list are as provided to the Secretariat. A final list will be issued in due course and, to facilitate this, delegations are requested to give corrections or additions in writing to the ITTO Secretariat

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LISTE DES PARTICIPANTS

La présente liste a été établie d'après les communications reçues à ce jour. La présentation et le contenu des renseignements sont reproduits tels qu'ils ont été communiqués au secrétariat. Une liste finale des participants sera publiée en temps opportun; à cette fin, les délégations sont priées de communiquer toute correction ou addition par écrit au secrétariat de l'OIBT.

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LISTA DE PARTICIPANTES

Esta lista está basada en las comunicaciones recibidas hasta la fecha. La forma y los datos de las inserciones en la lista son los facilitados a la Secretaría. Oportunamente se distribuirá una lista definitiva de participantes y para poder hacerlo con mayor facilidad se ruega a las delegaciones que proporcionen a la Secretaría sus correcciones o adiciones por escrito.

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Mr. Yongyut Trisurat

Dr. Lyndall Bull	Market Discussion Speaker
Mr. Barney Chan Sek Tee	Market Discussion Speaker
Mr. Richard Eba'a Atyi	Market Discussion Speaker
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Mr. Stephen Midgley	Market Discussion Speaker
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Mr. Nis Olaf Petersen	Market Discussion Speaker (virtual)
Mr. Franz Xaver Kraft	Market Discussion Speaker (virtual)

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Reforestation and Forest Management

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ANNEX II

AGENDA

DOCUMENT: ITTC(LIX)/1



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LIX)/1
8 September 2023

Original: ENGLISH

FIFTY-NINTH SESSION
13-17 November 2023
Pattaya, Thailand

PROVISIONAL AGENDA

1. Opening of the session
2. Ascertainment of the quorum
3. Adoption of agenda and Organization of Work
4. Report on Membership of the Council
5. Proposed Distribution of Votes for the 2024 - 2025 Biennium
6. Admission of Observers
7. Statement by the Executive Director
8. Report of the Informal Advisory Group (IAG) – Decisions 3(XXII), 5(XXVI), 2(XLIX) and 2(LI)
9. Report of the Credentials Committee
10. Matters related to Article 19 of the ITTA, 2006 on the Administrative Account – Decisions 3(LVII) and 3(LVIII)
11. Matters pertaining to Article 44 of ITTA, 2006 – Decisions 4(LVII) and 4(LVIII)
12. ITTO Biennial Work Programme – Decisions 9(XXXIV) and 2(LVI)
 1. Progress Report on the implementation of the BWP 2021-2022 (extended into 2023)
 2. Draft BWP 2024-2025
13. Matters related to Article 15 of the ITTA, 2006 on cooperation and coordination with other organizations – Decision 7(LVII)
14. Special Account and Bali Partnership Fund
 - (a) Pledges to the Special Account and the Bali Partnership Fund
 - (b) Report of the Panel on Sub-Account B of the Bali Partnership Fund (BPF)
15. Implementation of ITTO's New Financing Architecture, Phase II - Decisions 4(LVI) and 8(LVII)
16. Reports of the Committees
17. Election of Chairperson and Vice-Chairperson of the Council for 2024

18. Dates and Venues of the Sixtieth and Sixty-first Sessions of the Council and the Associated Sessions of the Committees
19. Decisions and Report of the Session
20. Closing of the Session

ANNOTATIONS TO THE PROVISIONAL AGENDA

Item 1 **Opening of the Session**

The Fifty-ninth Session of the Council will be opened by the Chairperson of the Council.

Item 2 **Ascertainment of the Quorum**

The Executive Director will report to the Council on the state of the quorum requirement for the start of the Session.

Item 3 **Adoption of Agenda and Organization of Work** [Document ITTC(LIX)/1]

The Council may decide to consider and adopt its Agenda. On the schedule of meetings, the Council may consider the draft schedule distributed under Decision 5(XXII), the advice of the Informal Advisory Group (IAG) and the due consultations in the Chairperson's Coordinating Bureau, which will issue the timetable daily and at more frequent intervals as necessary.

Item 4 **Report on Membership of the Council**

The Executive Director will report on the status of membership of the Council.

Item 5 **Proposed Distribution of Votes for the 2024-2025 Biennium** [Document ITTC(LIX)/1 Annex]

The proposed distribution of votes for the 2024 – 2025 biennium, in accordance with Article 10(7) of the ITTA, 2006, is shown in the Annex of the Provisional Agenda [Document ITTC(LIX)/1]. The distribution of votes shall remain in effect for the rest of the biennium, except whenever the membership of the Organization changes or when any member has its voting rights suspended or restored, in which case the Council shall redistribute the votes within the affected category or categories.

In accordance with Article 19(4) of the ITTA, 2006, the approved distribution of votes will be used for the assessment of the contribution of each Member to the administrative budget for the 2024 – 2025 biennium.

Item 6 **Admission of Observers** [Documents ITTC(LIX)/Info.3 and ITTC(LIX)/Info.4]

The Council may decide to admit those States and Organizations which request admission to the Session as Observers. Two lists of such applicants will be submitted at the Session for consideration and decision. The first such list shall contain the names of all States and Organizations which have previously been admitted to the Council Sessions and the second those States and Organizations who are applying for admission on the first occasion at this Session.

In accordance with Decision 3(LI), operative paragraphs 2 and 3, the Executive Director has reviewed applications for compliance with respective requirements and the results of the initial review will be published on the ITTO website two weeks prior to the Council Session.

The Council will consider the admission of Observers in accordance with Article 16 of the ITTA, 2006 taking into consideration the initial review.

Item 7 **Statement by the Executive Director**

The Executive Director will address the Council and report on activities of the Organization and other developments of relevance to the Organization.

Item 8 **Report of the Informal Advisory Group (IAG) – Decisions 3(XXII), 5(XXVI), 2(XLIX) and 2(LI)**
[Document ITTC(LIX)/2]

Pursuant to Decisions 3(XXII), 5(XXVI), 2(XLIX) and 2(LI), and in order to organize its work for the Session, the Council may consider the report of the Thirty-seventh Meeting of the Informal Advisory Group (IAG) as contained in Document ITTC(LIX)/2. The report will be presented to the Council by the Chairperson.

Item 9 **Report of the Credentials Committee**
[Document ITTC(LIX)/3]

The Council may consider and adopt the Report of the Credentials Committee and approve the credentials of delegations.

Item 10 **Matters related to Article 19 of the ITTA, 2006 on the Administrative Account – Decisions 3(LVII) and 3(LVIII)**
[Document ITTC(LIX)/4]

The Council will receive the report of the virtual intersessional group on management of the administrative budget for 2021-2022, established under Decision 3(LVII) and extended for one year under Decision 3(LVIII).

Item 11 **Matters pertaining to Article 44 of ITTA, 2006 – Decisions 4(LVII) and 4(LVIII)**
[Document ITTC(LIX)/5]

The Council will receive the report of the inclusive virtual intersessional working group to assess the need for renegotiation or further extension of the ITTA, 2006, including recommendations, established under Decision 4(LVII) and extended for one year under Decision 4(LVIII).

Item 12 **ITTO Biennial Work Programme – Decisions 9(XXXIV) and 2(LVI)**
[Documents ITTC(LIX)/6, ITTC(LIX)/7 and ITTC(LIX)/8]

- (a) The Council will receive the progress report on the implementation of the ITTO Biennial Work Programme 2021-2022 extended into 2023 as contained in Document ITTC(LIX)/6. The Council will also receive updates/reports on selected BWP activities, including the cooperation between ITTO and CITES, and the report of the fellowship programme [Document ITTC(LIX)/7] as will be informed in the provisional programme of meetings and activities.
- (b) The Secretariat will present to the Council the Draft ITTO Biennial Work Programme 2024 – 2025 as contained in Document ITTC(LIX)/8.

Item 13 **Matters related to Article 15 of the ITTA, 2006 on cooperation and coordination with other organizations – Decision 7(LVII)**
[Document ITTC(LIX)/9]

The Council will receive an update on the implementation of Decision 7(LVII) on matters related to Article 15 of the ITTA, 2006 on cooperation and coordination with other organizations as contained in Document ITTC(LIX)/9.

Item 14 **Special Account and Bali Partnership Fund**
[Document ITTC(LIX)/10]

- (a) Pledges to the Special Account and the Bali Partnership Fund.
The Chairperson will invite Members and Observers to announce any new contributions they may wish to pledge to the Special Account and the Bali Partnership Fund.
- (c) Report of the Panel on Sub-Account B of the Bali Partnership Fund.
The Council will decide whether it is necessary for the Panel on Sub-Account B of the Bali Partnership Fund established under Decision 4(XXX) to meet during the session, taking account of the resources available. If the panel does meet during the session to consider actions/activities, pre-projects and projects that are eligible for funding under Sub-Account B, the Council may consider and adopt the recommendations contained in its report [Document ITTC(LIX)/10].

Item 15 **Implementation of ITTO's New Financing Architecture, Phase II – Decision 4(LVI) and 8(LVII)**
[Document ITTC(LIX)/11]

In accordance with Decision 8(LVII), the Council will receive the second progress report on the implementation of ITTO's new financing architecture, Phase II as contained in Document ITTC(LIX)/11.

Item 16 **Reports of the Committees**

The Council will have before it the Reports of the Associated Sessions of the Committees presented by the respective Chairpersons. The Council may consider and adopt the recommendations contained in each of the Reports.

Item 17 **Election of Chairperson and Vice-Chairperson of the Council for 2024**

The Council may decide after due consultations, to elect a Chairperson and Vice-Chairperson for 2024. Under Article 8 of the ITTA, 2006, the Council is required to elect a Chairperson and Vice-Chairperson for each calendar year, one from among the representatives of producer countries, and the other from among the representatives of the consumer countries. Under Article 8, paragraph 3, these offices are required to alternate each year between the two categories of Members, provided, however, that this shall not prohibit the re-election of either or both, under exceptional circumstances by the Council.

Item 18 **Dates and Venues of the Sixtieth and Sixty-first Sessions of the Council and the Associated Sessions of the Committees**

In order to maintain the established practice of setting Session dates and venues eighteen months or more in advance to facilitate logistical arrangements, the Council may wish to reconfirm/set the dates and venues of its Sixtieth and Sixty-first Sessions.

Item 19 **Decisions and Report of the Session**

The Council shall consider the proposed Decision(s) and adopt it/them in accordance with the procedures and modalities governing the Fifty-ninth Session of the Council in line with the ITTA, 2006 and the ITTO Rules of Procedure, as adopted under Agenda Item 10. In accordance with Rule 33 of the Rules of Procedure, a report on the proceedings shall be prepared by the Secretariat and shall be circulated to all Members as soon as possible.

Item 20 **Closing of the Session**

Following any final statements by Delegates, the Chairperson will close the Fifty-ninth Session of the Council.

Annex

PROPOSED DISTRIBUTION OF VOTES FOR 2024-2025 BIENNIUM

PRODUCER MEMBERS

	2023 <u>No. of Votes</u>	2024/2025 Biennium <u>No. of Votes</u>
Africa		
Angola	21	21
Benin	21	20
Cameroon	21	21
Central African Republic	21	21
Congo	21	21
Côte d'Ivoire	21	20
Democratic Republic of the Congo	21	21
Gabon	21	21
Ghana	21	21
Liberia	21	20
Madagascar	21	20
Mali	21	20
Mozambique	21	21
Togo	21	20
Asia & Pacific		
Cambodia	21	22
Fiji	14	14
India	28	28
Indonesia	93	95
Malaysia	72	61
Myanmar	26	25
Papua New Guinea	44	42
Philippines	15	15
Thailand	52	47
Vietnam	16	24
Latin America/Caribbean		
Brazil	122	134
Colombia	23	23
Costa Rica	13	12
Ecuador	19	21
Guatemala	12	12
Guyana	15	15
Honduras	12	12
México	24	24
Panamá	13	13
Peru	27	27
Suriname	15	16
Trinidad and Tobago	10	10
Venezuela	20	20
TOTAL:	1,000	1,000

CONSUMER MEMBERS

	2023	2024/2025 Biennium
	<u>No. of Votes</u>	<u>No. of Votes</u>
Albania	10	10
Australia	16	16
China	305	320
European Union	337	331
Austria	10	10
Belgium	15	15
Bulgaria	10	10
Croatia	10	10
Cyprus	10	10
Czech Republic	11	11
Denmark	11	11
Estonia	10	10
Finland	10	10
France	25	24
Germany	19	19
Greece	11	11
Hungary	10	10
Ireland	13	13
Italy	19	19
Latvia	10	10
Lithuania	10	10
Luxembourg	10	10
Malta	10	10
Netherlands	25	21
Poland	11	11
Portugal	13	13
Romania	10	10
Slovakia	10	10
Slovenia	10	10
Spain	13	12
Sweden	11	11
Japan	130	120
New Zealand	11	11
Norway	10	10
Republic of Korea	66	64
Switzerland	11	11
United Kingdom	28	28
United States of America	76	79
TOTAL:	1,000	1,000

ANNEX III

TEXT OF THE DECISIONS

ADOPTED BY THE COUNCIL AT ITS FIFTY-NINTH SESSION

DOCUMENT: ITTC(LIX)/12
DOCUMENT: ITTC(LIX)/13
DOCUMENT: ITTC(LIX)/14
DOCUMENT: ITTC(LIX)/15
DOCUMENT: ITTC(LIX)/16



INTERNATIONAL TROPICAL TIMBER COUNCIL

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ITTC(LIX)/12
17 November 2023

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FIFTY-NINTH SESSION
13-17 November 2023
Pattaya, Thailand

DECISION 1(LIX)

PROJECTS, PRE-PROJECTS AND ACTIVITIES

The International Tropical Timber Council,

Having considered at its Fifty-ninth Session the recommendations of the three Committees on Projects, Pre-Projects and Activities and the Report of the Expert Panel for Technical Appraisal of Project Proposals for the 2023 project cycle, as contained in documents CEM-CFI(LVII)/5, CRF(LVII)/6 and ITTC/EP-58, respectively;

Noting that the time-bound electronic no objection procedures to approve relevant projects taking into account Expert Panel Ratings for Projects and Pre-Projects were conducted during the project cycle for 2023;

Welcoming the expression of interest by donors in several concept notes submitted under the programmatic approach and to be developed into full project proposals for future Council approval and funding, as listed in the annex to this decision;

1. Decides to:

- (i) Endorse the approval obtained through the time-bound electronic no objection procedure for the following Projects and Pre-Projects for the project cycle of 2023:

PPD 203/23 Rev.1 (F)	Support for the Promotion and Sustainable Management of Community Forests in the Oti Plain, Togo (Togo) ITTO Budget \$117,712
PD 927/22 Rev.2 (F) (CN-21002)	Development of an Information System on the Potential of Wood and Carbon to Support Sustainable Forest Management in South Kalimantan, Indonesia (Indonesia) ITTO Budget \$233,300
PD 925/22 Rev.2 (F)	Support to the Local Communities of the Mono Plain for the Promotion and Sustainable Management of Community Forests in Togo (Togo) ITTO Budget \$591,808
PD 931/23 (F) (CN-1527)	Promoting SFM and Local Wood Consumption through Capacity Building and Improving Regulation in the North Zone, Costa Rica (Costa Rica) ITTO Budget \$138,260.00
PD 932/23 (F) (CN-22014)	Assessment and Dissemination of Knowledge and Experience for Ex-Situ Conservation and Plantation of Caoba in Northern Coastal Area, Peru (Peru) ITTO Budget \$84,784

PD 933/23 Rev.1 (M)	5th World Teak Conference: Developing Sustainable Development of the Global Teak Sector - Adapting to Future Markets and Environments (India) ITTO Budget \$188,238
PD 934/23 Rev.1 (F) (CN-21007)	Strengthening the Conservation of the Critically Endangered Rosewood (<i>dalbergia spp.</i>) in Dakrong Nature Reserve and Dong Nai Conservation Landscape, Vietnam (Vietnam) ITTO Budget \$148,976
PD 935/23 Rev.1 (I) (CN-23025)	Promoting Sustainable Wood Use for Domestic Market in Malaysia (Malaysia) ITTO Budget \$212,088

- (ii) Authorize the financing for immediate implementation of the Projects, Pre-Project and Activities as listed in the Annex to this Decision; and
 - (iii) Authorize the financing for immediate implementation of all the other approved Projects, Pre-Projects and Activities as soon as earmarked funds are available in the Special Account or in the Bali Partnership Fund Account.
2. Urges Members to consider financing those approved Projects, Pre-Projects and Activities for which funds are not immediately available,
3. Appeals to Members to make unearmarked contributions to the Thematic Programmes Account and the Special Account,
4. Further appeals to Members to also make voluntary contributions to the Bali Partnership Fund, particularly to the Sub-Account B of this Fund to finance Projects, Pre-Projects and Activities, and
5. Requests the Executive Director to continue consultations with potential donors in order to secure financing for those Projects, Pre-Projects and Activities for which funds are not immediately available.

ANNEX

Financing during 2023 for Projects, Activities and Concept Notes

(i)	Projects:	
	PD 808/16 Rev.5 (F) Phase I Conservation of African Barwood (<i>Pterocarpus Erinaceus Poir</i>) in the Gazetted Forests of La Palee and Boundiali in Northern Côte d'Ivoire with the Participation of Local Communities (Côte d'Ivoire) – Budget revised in 2023 [Japan \$320,000 (Note 2)]	\$320,000.00
	PD 916/21 Rev.2 (F) Pilot Sustainable Management Systems for Secondary Natural Forests in the Collective Afro-Descendant Community Territory of the Bajo Calima Community Council, Municipality of Buenaventura, Colombia (Colombia) – Balance funded / budget revised in 2023 [Japan \$200,000 (Note 2)]	\$200,000.00
	PD 935/23 (I) (CN-23025) Promoting Sustainable Wood Use for Domestic Market in Malaysia [Japan \$212,088 (Note 2 and Note 3)]	\$212,088.00
	PD 903/19 Rev.2 (F) Management of Sungai Menyang Conservation Area for Orangutan Protection and Uplifting Community Livelihood, Sarawak, Malaysia (Malaysia) [USA \$140,000 (Note 4)]	\$140,000.00
	PD 912/20 Rev.2 (I) Strengthening Technical and Business Management in the Timber Forest Industry of Peru (Peru) [Japan \$180,000 (Note 4)]	\$180,000.00
(ii)	Activities approved through Decision 2(LVI) Biennial Work Programme for the Years 2021-2022 (extended to 2023):	
	PP-A/53-323K Co-organizing the First Global Legal & Sustainable Timber Forum (GLSTF) (ITTO Biennial Work Programme 2021-2022 Activity: 2) [China, Macao SAR \$62,000 (Note 2)]	\$62,000.00
	PP-A/59-355 Publication of C&I on SFM in Africa (ITTO Biennial Work Programme 2021-2022 Activity: 7(b)) [Japan \$31,950.72 (Note 2)]	\$31,950.72
	PP-A/56-341B Support for women's group with the restoration of forest landscapes in the Prefectures of Blitta and Lacs, Togo – Phase 3 (ITTO Biennial Work Programme 2021-2022 Activity: 11 (c)) [Soka Gakkai \$75,159.71 (Note 1)]	\$75,159.71
	PP-A/59-351 Community-based Restoration of Cyclone-affected Vulnerable Mangrove Forests through the Empowerment of Coastal Communities and Women in the Rewa Delta, Fiji (ITTO Biennial Work Programme 2021-2022 Activity: 11 (d)) [Japan \$350,000 (Note 2)]	\$350,000.00

PP-A/59-352	\$258,000.00
Community Empowerment in Forest Management and Forest Landscape Restoration in Upper Baram, Sarawak, Malaysia – <i>additional activities to PD 902/19 Rev.3 (F)</i> (ITTO Biennial Work Programme 2021-2022 Activity: 11(e)) [Japan \$258,000 (Note 5)]	
PP-A/59-353 (CN-21004)	\$250,000.00
Enhancing the Value of the Secondary Natural Forest through its Sustainable Use, Contributing to Climate Change Mitigation and Generating Rural Employment, within a Post-Covid Context (Costa Rica) (ITTO Biennial Work Programme 2021-2022 Activity: 11(f)) [Japan \$250,000 (Note 2)]	
PP-A/52-319	\$49,614.29
ITTO Fellowship Programme (Year 2023) (ITTO Biennial Work Programme 2021-2022 Activity: 21) [Kisso-an (Private) \$2,612.88 (Note 2), Japan \$41,754.16 (Note 3), Finland \$5,247.25 (Note 2)]	
(iii) Activities approved through Decision 2(LIX) Biennial Work Programme for the Years 2024-2025:	
	\$1,140,685.00
PP-A/53-323I	
Supporting the Establishment and Operation of the Global Timber Index Platform for Building Legal and Sustainable Forest Products Supply Chains – Phase II (ITTO Biennial Work Programme 2024-2025 Activity: 1) [China, Macao SAR \$1,140,685 (Note 1)]	
PP-A/53-323J	\$326,370.00
Supporting Pilot Collaborative Operation of the Blockchain-based Timber Traceability System (BTTS) for Building Legal and Sustainable Forest Products Supply Chains – Phase II (ITTO Biennial Work Programme 2024-2025 Activity: 1) [China, Macao SAR \$326,370 (Note 1)]	
PP-A/59-357	\$25,000.00
Strengthening Participation of the Private Sector in the Work of ITTO: Industry-led legality compliance/due care training (ITTO Biennial Work Programme 2024-2025 Activity: 2) [USA \$25,000 (Note 4)]	
PP-A/54-331A (CN-23026)	\$1,413,449.00
Enhancing Teak Management – Phase II (ITTO Biennial Work Programme 2024-2025 Activity: 3) [Germany \$1,413,449 (Note 1)]	
PP-A/52-320	\$100,000.00
Enhance Cooperation between ITTO and CITES (ITTO Biennial Work Programme 2024-2025 Activity: 4) [USA \$100,000 (Note 4)]	
PP-A/59-358	\$15,000.00
Statistical capacity building workshops (ITTO Biennial Work Programme 2024-2025 Activity: 6) [Japan \$15,000 (Note 4)]	

PP-A/59-359	\$60,000.00
Prevention and management of fire in tropical timber-producing forests (ITTO Biennial Work Programme 2024-2025 Activity: 7) [USA \$60,000 (Note 4)]	
PP-A/59-360	\$90,000.00
Operationalizing the ITTO Policy guidelines on gender equality and empowering women (ITTO Biennial Work Programme 2024-2025 Activity: 8 (a)) [USA \$90,000 (Note 4)]	
PP-A/59-361	\$20,000.00
Disseminating the ITTO Guidelines for Forest Landscape Restoration in the Tropics (ITTO Biennial Work Programme 2024-2025 Activity: 8 (b)) [USA \$20,000 (Note 4)]	
PP-A/59-362	\$20,000.00
Conservation and sustainable use of biodiversity in tropical production forests (ITTO and CBD) (ITTO Biennial Work Programme 2024-2025 Activity: 9) [Japan \$20,000 (Note 4)]	
PP-A/59-363	\$10,000.00
Cooperation and consultation with the CPF, UNFF and others (ITTO Biennial Work Programme 2024-2025 Activity: 10) [USA \$10,000 (Note 4)]	
PP-A/59-364	\$25,000.00
ITTO communication strategy / ITTC coverage by ENB (ITTO Biennial Work Programme 2024-2025 Activity: 12) [USA \$25,000 (Note 4)]	
PP-A/59-365	\$25,000.00
Translation of the ITTO website and relevant public relations materials into Japanese (ITTO Biennial Work Programme 2024-2025 Activity: 14 (c)) [Japan \$25,000 (Note 4)]	
PP-A/59-366	\$20,000.00
Trade (TAG) and Civil Society (CSAG) Advisory Group involvement (ITTO Biennial Work Programme 2024-2025 Activity: 15) [USA \$20,000 (Note 4)]	
PP-A/52-319	\$31,729.00
ITTO Fellowship Programme (Year 2024) (ITTO Biennial Work Programme 2024-2025 Activity: 18) [Japan \$11,729 (Note 4), USA \$20,000 (Note 4)]	
(iv) Other activities	
PP-A/53-323H	\$15,000.00
Policy briefs on 3 Sustainable Wood Use (SWU) projects in Southeast Asia [Japan \$15,000 (Note 3)]	
PP-A/59-354	\$75,000.00
Working Group on Matters Pertaining to Article 44 of ITTA, 2006 [Japan \$75,000 (Note 2)]	
PP-A/59-356	\$579,314.67
Secondment of Programme Officer from the Korea Forest Service (2024-2026) [Korea \$579,314.67 (Note 1)]	

Total pledges to Projects and Activities confirmed after the Fifty-eighth Session of the Council to-date: **\$6,120,360.39**

(v) Expressions of interest in financing Concept Notes (Note 5):

CN-21009 \$41,265.00
Strengthening and consolidating the national process for controlling illegal logging and associated trade in Cameroon (Cameroon)
– Partial funding [Outstanding balance \$40,316]
[USA \$41,265 (Note 4)]

Total expressions of interest in financing Concept Notes: **\$41,265.00**

Grand total of pledges confirmed and expressions of interest in financing Concept Notes after the Fifty-eighth Session of the Council to-date: \$6,161,625.39

Note 1: Inter-sessional pledges received after the Fifty-eighth Session of the Council through a funding agreement or Memorandum of Understanding.

Note 2: Inter-sessional pledges received after the Fifty-eighth Session of the Council (new cash).

Note 3: Inter-sessional pledges received after the Fifty-eighth Session of the Council by allocating balance funds from completed projects returned to the donor.

Note 4: Pledges received during the Fifty-ninth Session of the Council.

Note 5: This list is included hereby to provide an official record of donor expressions of interest in Concept Notes made during 2023.

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INTERNATIONAL TROPICAL TIMBER COUNCIL

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17 November 2023

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FIFTY-NINTH SESSION
13-17 November 2023
Pattaya, Thailand

DECISION 2(LIX)

ADMINISTRATIVE BUDGET FOR THE 2024 AND 2025 FINANCIAL BIENNIUM

The International Tropical Timber Council,

Noting the report of the Committee on Finance and Administration (CFA) at its Thirty-eighth Session;

Recalling the Financial Rules and Rules Relating to Projects of the ITTO, Rule 3.2, which stipulates that Council shall approve and adopt the budget for the Administrative Account through a Council Decision;

Decides to:

1. Approve and adopt the Biennial Administrative Budget for the Financial Years 2024 and 2025 as contained in document CFA(XXXVIII)/2 Rev.1, in the amount of US\$7,104,228 and US\$7,104,278, respectively.

* * *



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Pattaya, Thailand

DECISION 3(LIX)

ITTO BIENNIAL WORK PROGRAMME FOR THE YEARS 2024-2025

The International Tropical Timber Council,

Appreciating the work of the Secretariat in liaising with Members, the Trade Advisory Group (TAG) and the Civil Society Advisory Group (CSAG) in preparing its proposal to Council on the Biennial Work Programme for the years 2024-2025;

Noting that activities listed in the Annex to this Decision are derived from the following: (a) ITTA, 2006; (b) the ITTO Strategic Action Plan 2022-2026; (c) the four ITTO Committee Reports to the Fifty-ninth Session of Council; and (d) previous Council Decisions;

Decides to:

1. Adopt the Biennial Work Programme (BWP) for the years 2024-2025 as contained in the Annex to this Decision;
2. Authorize the Executive Director to seek voluntary contributions from Member Countries and other funding sources to finance implementation of the activities listed in the Annex;
3. Request the Executive Director to implement and/or facilitate the implementation of activities in the approved BWP for the years 2024-2025, as contained in the Annex;
4. Request the Executive Director, as of the date of this Decision, to ensure that future activities to be funded outside the core budget are formulated as Concept Notes and included in the database, or as Council Decisions, in order to assess Member priorities and donor interest and financing, prior to being incorporated into the BWP;
5. Request the Secretariat to continue to indicate in the BWP how each activity aligns with the Programmatic Line(s); and
6. Request the Executive Director to continue close collaboration with members of the CPF and other international partners in implementing the BWP for the years 2024-2025;
7. Request the Executive Director to report to Council on the progress in implementing the BWP for the years 2024-2025 during the Sixtieth and Sixty-first Sessions of the Council.

* * *



INTERNATIONAL TROPICAL TIMBER COUNCIL

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FIFTY-NINTH SESSION
13-17 November 2023
Pattaya, Thailand

DECISION 4(LIX)

MANAGEMENT OF THE ADMINISTRATIVE BUDGET

The International Tropical Timber Council,

Appreciating the continuing efforts made by the Executive Director and her staff in exercising cost savings in the expenditures from the Administrative Budget for the year 2023 and the long-term efforts to maintain zero real increases in the overall budget;

Noting with concern the insufficient receipts of contributions to-date from Members to the Administrative Budget for 2023;

Further noting the recommendations made by the virtual intersessional working group established under Decision 3(LVII) and extended for one year by Decision 3(LVIII) contained in its report (Document ITTC(LIX)/4) discussed during the 59th Council Session;

Taking into account the serious difficulties faced by some producer members in paying their assessed contributions to the Administrative Budget and/or arrears, and noting the urgency to explore ways to find a sustainable solution to this ongoing challenge;

Recalling Decision 3(LVIII) which authorizes the Executive Director to transfer, if necessary, such as in emergency situations, an amount not exceeding 15% of the approved budget from the Working Capital Reserve annually to the current account in the Administrative Account to meet the shortfall of funds to implement the work programme of the Organization, as well as arrear payments received within the financial biennium;

Decides to:

1. Request members to pay as early as possible, and in full, their contributions to the Administrative Budgets, including for 2023 and 2024, as well as all arrears in contributions from previous years;
2. Adopt a trial measure that allows members that are ineligible to submit project or pre-project proposals or concept notes, in accordance with ITTA, 2006, Art. 19.8 and Decision 4(LVI), to be allowed to submit, in close collaboration with the Secretariat, one project proposal or one concept note for every two years of arrears paid provided that a payment plan for the total arrears owed is submitted at the same time;
3. Abolish the provisions contained in Decision 7(XXXIII), Annex 1, Part C – Measures Regarding the Arrears to the Administrative Account;
4. Write-off interest incurred on late payments for assessed contributions imposed under the ITTA, 1983;

5. Request the Secretariat to implement this trial measure from 1 January 2024 for a 4-year period and report on the progress of the implementation of this trial measure to each Council Session during this period; and
6. Urge the Secretariat to continue to undertake appropriate cost saving and efficiency measures in accordance with ITTO rules, regulations, policies and decisions in relation to current and future Administrative Budgets.

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FIFTY-NINTH SESSION
13 - 17 November 2023
Pattaya, Thailand

DECISION 5(LIX)

MATTERS PERTAINING TO ARTICLE 44 OF ITTA, 2006

The International Tropical Timber Council,

Recalling Article 44 of the International Tropical Timber Agreement (ITTA) 2006;

Noting that the ITTA, 2006 entered into force on 7 December 2011, with an initial duration of ten years and was extended for a period of five years with effect from 7 December 2021 until 6 December 2026, in accordance with Decision 4(LVII);

Further noting the work and recommendations of the intersessional working group established under Decision 4(LVII) and extended for one year under Decision 4(LVIII) to assess the need for renegotiation and/or further extension of the ITTA 2006, as contained in Document ITTC(LIX)/5;

Recognizing the need to plan for the expiry of the ITTA, 2006 by allowing adequate time and resources for preparing any subsequent agreement;

Further recognizing that while broad support was indicated among membership at the 59th Session of Council to extend the ITTA, 2006 for an additional three years until 2029 but noting members require further time to complete their formal processes to support the decision to further extend the ITTA, 2006;

Decides to:

1. Take a Decision without Meeting by 1 June 2024 on the specific question of whether the ITTA, 2006 be extended for a period of three years with effect from 7 December 2026 until 6 December 2029, with this decision fulfilling the requirements under Rules of Procedure 35 and 36(d)(i);
2. Request members to refer to the Decision without Meeting, as referred to in operative paragraph 1, which is to be circulated to members at the earliest opportunity, and submit their votes no later than 27 May 2024;
3. Use the indicative Roadmap Scenario 1 on pages 7 and 8 of Document ITTC(LIX)/5 as the basis to guide consultations in the ITTA, 2006 review process;
4. Extend the virtual intersessional working group established under Decision 4(LVII) for a further period of one year until the 60th Session of Council in 2024, making it open-ended and renaming it as the Preparatory Working Group (PWG);
5. Request that the PWG advances the identification of elements to consider for future renegotiation through the gathering of views from members and external entities (including those expressed at the 59th Session of Council) and through analysis, undertaken in close collaboration with the Secretariat and supported by independent consultants;

6. Further request that the PWG submits a report to the Council at its 60th Session, based on outputs from paragraph 5, with additional recommendations from the PWG on the modalities for the ITTA, 2006 review process, including format (including whether virtual or in-person), timing and location/s of proposed meetings guided by the indicative Roadmap Scenario 1;
7. Request that the PWG commences its work no later than February 2024 and continues to meet virtually to substantially complete its work, and, if needed, takes a decision on whether to meet in person to finalize its report;
8. Review the indicative Roadmap Scenario 1 based on the report from the PWG at the 60th Session of Council, together with the need to extend the PWG for an additional year until the 61st Session of Council; and
9. Authorize the Executive Director to seek voluntary contributions to meet the financial requirements of this Decision, not exceeding US\$120,000. In the absence of sufficient voluntary contributions, the Executive Director is requested to use funds from the Working Capital Reserve.

* * *

ANNEX IV

REPORTS OF THE ASSOCIATED SESSIONS OF THE COMMITTEES

**Documents: CEM-CFI(LVII)/5
CRF(LVII)/6
CFA(XXXVIII)/8**



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

**COMMITTEE ON ECONOMICS,
STATISTICS AND MARKETS**

COMMITTEE ON FOREST INDUSTRY

Distr.
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CEM-CFI(LVII)/5
17 November 2023

ENGLISH ONLY

FIFTY-SEVENTH SESSION
13-17 November 2023
Pattaya, Thailand

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

**FIFTY-SEVENTH SESSION OF THE
COMMITTEE ON ECONOMICS, STATISTICS AND MARKETS
AND THE COMMITTEE ON FOREST INDUSTRY**

Table of Contents

Report

Appendix A: Report on the ITTO Annual Market Discussion – 2023

Appendix B: Statement of the Trade Advisory Group (TAG)

REPORT

1. Opening of the Session

The Fifty-seventh Session of the Committees was opened on 13 November 2023 at the Joint Session of the Committee on Economics, Statistics and Markets (CEM) and the Committee on Forest Industry (CFI), chaired by Mr. Samuel Doe (Ghana), Chairperson of the Committee on Economics, Statistics and Markets (CEM) and the Committee on Forest Industry (CFI). The list of participants is presented in document ITTC(LIX)/Info. 2.

2. Adoption of Agenda and Organization of Work

The Agenda for the Joint Session of the CEM and the CFI as contained in document CEM-CFI(LVII)/1 Rev.1 was duly adopted. The CEM and the CFI met on 13, 15 and 17 November 2023 to consider items 1, 2, 3, 6, 7, 8, 9B, 10, 11, 12, 13, 14, 15 and 16 of the Agenda. The Joint Session of All Committees met on 14 November 2023 to consider items 4, 5, 9A and the first four policy work items of the CEM under item 10 of the Agenda. Ms. Anna Tyler (New Zealand), Vice-Chairperson of Council, chaired the Joint Session of all Committees.

3. Admission of Observers

The Committees admitted the observers listed in document ITTC(LIX)/Info.3 Rev.1 as approved by the Council.

4. ITTO Annual Market Discussion – 2023

The Committees noted the summary of the ITTO Annual Market Discussion – 2023, held in the Joint Session of All Committees as part of the Trade and Markets Day on 14 November 2023, as contained in Appendix A. The theme of the Market Discussion was “Tropical Timber Industry: Challenges and Opportunities from Changing Priorities”. Mr. Rupert Oliver (TAG Co-coordinator) moderated the Market Discussion.

The following feature presentations were made during the Market Discussion (available at <https://www.itto.int/ittc-59/presentations/>):

Dr. Preecha Ongprasert Royal Forest Department, Thailand	<i>Thailand Timber Industry: Challenges and Opportunities from Changing Priorities</i>
Dr. Lyndall Bull Food and Agriculture Organization of the United Nations (FAO), Italy	<i>The Role of Forests and Forest Products in a Bioeconomy Transition – Supply and Demand Perspectives</i>
Mr. Stephen Midgley Salwood Asia Pacific, Australia	<i>Community Engagement and Smallholders as Pillars for Southeast Asian Forest Investment and Regional Wood Supplies</i>
Mr. Nobutaka Isoda, Tsukuba Research Institute Sumitomo Forestry Co., Ltd., Japan	<i>Mass Timber in the Building industry</i>
Dr. Richard Eba'a Atyi CIFOR-ICRAF, Cameroon	<i>Smallholder Timber Supply for Domestic and Regional Markets in Central Africa: Importance and Challenges</i>
Mr. Franz-Xaver Kraft GD Holz Service GmbH, Germany	<i>EU Deforestation Regulation: Implications for Producers and Importers</i>
Mr. Nils Olaf Petersen European Timber Trade Federation (ETTF) Germany	<i>EUDR and Actions Taken by ETTF</i>

The Committees further noted the statement of the Trade Advisory Group (TAG) presented during the Market Discussion as contained in Appendix B.

5. Report of the Expert Panel for Technical Appraisal of Project Proposals

The Joint Session of All Committees considered the report of the Fifty-eighth Virtual Expert Panel for Technical Appraisal of Project Proposals presented by panel member Ms. Akiko Tabata (Japan), as contained in document ITTC/EP-58 (presentation available at <https://www.itto.int/ittc-59/presentations/>).

The Fifty-eighth Panel appraised seven (7) proposals, including one proposal (PD 934/23 (F) 'Strengthening the conservation of the critically endangered Rosewood (*Dalbergia* spp.) in Dakrong Nature Reserve and Dong Nai Conservation Landscape, Viet Nam') resulting from a concept note submitted under previous calls for concept notes under ITTO's new financing architecture-phase II in accordance with Decision 4(LVI). The Panel noted that:

- Five (5) project proposals (72 percent of the total) were commended to the Committee for final appraisal with minor modifications required (category 1);
- One (1) project proposal (14 percent of the total) will be sent back to proponents for essential revisions, rated as category 2;
- One (1) project proposal (14 percent of the total) received a category 4, indicating that the Expert Panel does not commend it to the Committee for approval as it requires complete reformulation.

6. New Projects

The Committees noted the project that was approved in October 2023 under the time-bound electronic no objection procedures to accept Expert Panel ratings and circulated to member countries pursuant to Decision 6(XLIII), following the recommendations of the Expert Panel at its Fifty-eighth Meeting as follows:

Committee on Economics, Statistics and Markets		
PD NUMBER	TITLE	SUBMITTED BY
PD 922/23 Rev.1 (M)	5th World Teak Conference: Sustainable Development of the Global Teak Sector – Adapting to Future Markets and Environments	India

The Committees was also informed that in compliance with the new financing architecture (approved by the 56th ITTC under Decision 4(LVI)), a donor has expressed interest in funding the Concept Note CN-23025-Malaysia. Subsequent to that, the following proposal has been developed (without review by the Expert Panel as per the provisions of Decision 4(LVI)) by the Executing Agency in collaboration with the ITTO Secretariat and donor and taking into account comments received during the time-bound electronic no objection procedure that was completed on 18 October 2023:

Committee on Forest Industry		
PD NUMBER	TITLE	SUBMITTED BY
PD 935/23 Rev.1 (I)	Promoting Sustainable Wood Use for the Domestic Market in Malaysia	Malaysia

The Committees decided to recommend both of the above projects for immediate funding.

7. Review of Projects and Pre-projects in Progress

The Committees considered the Report of Projects and Pre-projects in Progress as contained in document CEM-CFI(LVII)/2 Rev.1 and took note of progress in the implementation of the following projects and pre-projects.

(A) Projects under implementation

Committee on Economics, Statistics and Markets

1. PD 732/14 Rev.2 (M) Improve Forest Governance in Mozambique
2. PD 832/16 Rev.2 (M) Implementing Mechanisms to Improve Traceability in the Forest Production Chain in Guatemala
3. PD 913/20 Rev.4 (M) Strengthening Forest Monitoring and Extending the Coverage of the Traceability System in Panama

Committee on Forest Industry

1. PD 770/15 Rev.1 (I) Promotion and Sustainable Management of Lesser-Used Timber Species (LUTS) in the Moist Forests of the Departments of Atlantida, Colon and Northern Olancho in Honduras
2. PD 922/21 Rev.1 (I) Promotion of Sustainable Domestic Wood Consumption in Vietnam
3. PD 926/22 Rev.1 (I) Promotion of Sustainable Domestic Wood Consumption of Wood Products in Thailand
4. PD 928/22 Rev.1 (I) Development of Sustainable Domestic Market for Wood Products (Indonesia)

The Committees took note of the updates provided by the Secretariat on satisfactory progress in all the above projects and were informed that PD 732/14 Rev.2 (M) and PD 770/15 Rev.1 (I) will be reported under agenda item 8 since the Executing Agencies of both projects had recently submitted satisfactory completion reports.

(B) Projects pending financing

Committee on Economics, Statistics and Markets

1. PD 922/23 Rev.1 (M) 5th World Teak Conference: Sustainable Development of the Global Teak Sector – Adapting to Future Markets and Environments (India)

Committee on Forest Industry

1. PD 912/20 Rev.2 (I) Strengthening Technical and Business Management in the Timber Forest Industry of Peru
2. PD 935/23 Rev.1 (I) Promoting Sustainable Wood Use for the Domestic Market in Malaysia

The Committees noted that project PD 912/20 Rev.2 (I) would lose its approved status under the sunset provision of Decision 2(X) before the next session of the Committees. The Committees decided to recommend all three projects for immediate funding.

8. Report on Completed Projects and Pre-projects

The Committees considered the Report of Completed Projects and Pre-projects as contained in document CEM-CFI(LVII)/3 and additional information presented during this Session as follows:

Committee on Economics, Statistics and Markets

- PD 845/17 Rev.3 (M) Enhancing the Capacity of Forest Communities in Forest Governance, Monitoring and Community Development Projects in Mankraso Forest District Ghana

The Committees took note of the completion report contained in document CEM-CFI (VLII)/3.

The Secretariat informed the Committees that all activities of the project have been carried out and outputs achieved satisfactorily. The project has contributed to improve the knowledge and capacity of 20 forest communities in the Mankraso Forest District in forest governance and forest management practices. The delegate of Ghana took the floor to brief the Committees on the project's outcomes and thanked the donor country, USA and ITTO.

The US delegate congratulated Ghana on a successful project and inquired whether the monitoring guidebook developed by the project could serve as a model for community-based participatory monitoring strategies that can be replicated across the country.

The Secretariat informed the Committees that the completion report, the technical report and the final audit report has been delivered by the executing agency in accordance with the project agreement. The Committees duly declared the project complete.

PD 732/14 Rev.2 (M) Improve Forest Governance in Mozambique

The Committee took note of the summary of the completion report provided by the Secretariat.

The Secretariat informed the Committees that all activities of the project have been carried out and outputs achieved satisfactorily after lengthy delays due to Cyclone Idai and the Covid pandemic. The project has contributed to improve forest governance by implementing a bar-code based log tracking system in Sofala Province in the north of Mozambique which is a hub for log exports to Asia. The Secretariat thanked the government of Japan for its support to this project and for its assistance in securing the final report.

The delegate of Japan acknowledged the project's results and expressed satisfaction that an acceptable final report had been received by the Secretariat. The delegate of Japan stressed the need for all projects to comply with reporting requirements (both technical and financial) in a timely manner.

The Secretariat informed the Committees that the completion report (in English) has been delivered by the executing agency in accordance with the project agreement. Additional project technical outputs are also available, but only in Portuguese. The final audit of project funds is currently underway, with the audit report expected by the end of 2023. The Secretariat recommended that the Committees declare the project complete pending the receipt of a satisfactory audit. The Committees duly declared the project complete.

Committee on Forest Industry

PD 770/15 Rev.1 (I) Promotion and Sustainable Management of Lesser-Used Timber Species (LUTS) in the Moist Forests of the Departments of Atlantida, Colon and Northern Olancho in Honduras

The Committees took note of the summary of the completion report provided by the Secretariat.

The Secretariat informed the Committees that all activities of the project have been carried out and outputs achieved satisfactorily after lengthy delays due to changes in government (including the project team) and the Covid pandemic. The project has developed management/marketing plans and technical studies to promote the sustainable use of 12 lesser-known tropical timber species in Honduras. The Secretariat thanked the government of Japan for its support to this project and for its assistance in securing the final report.

The delegate of Japan acknowledged the project's results and expressed satisfaction that an acceptable final report had been received by the Secretariat. The delegate of Japan stressed the need for all projects to comply with reporting requirements (both technical and financial) in a timely manner.

The Secretariat informed the Committees that the completion report (in Spanish) has been delivered by the executing agency in accordance with the project agreement. The final audit of project funds is currently underway, with the audit report expected by the end of 2023. The Secretariat recommended that the Committees declare the project complete pending the receipt of a satisfactory audit. The Committees duly declared the project complete.

9. Ex-post Evaluation

(A) Ex-post Evaluation Reports

The Joint Session of All Committees considered the executive summary of the following ex-post evaluation reports as contained in document CEM-CFI(LVII)/4 (all presentations available at <https://www.itto.int/ittc-59/presentations/>).

Committee on Economics, Statistics and Markets

PD 599/11 Rev.1 (M) Development and Testing of National Forest Stock Monitoring System (FSMS) with Improved Governance Capabilities at all Levels of the Forest Administration

A presentation was made by the consultant, Mr. Patrick Durst, on the results of his ex-post evaluation of the project PD 599/11 Rev.1 (M). The evaluation found that changes in government policies and staff had made the system developed by the project less useful than anticipated, and made several recommendations (including more rigorous review and possible revision of projects subject to delays in implementation) for both the Philippines and ITTO.

The US delegate took the floor to thank Mr. Durst for his presentation and for highlighting the challenges and lessons learned, including those highlighted in his report on the need for due diligence in terms of the legal and regulatory framework in countries, and the potential for staff turnover to impact project outcomes. The delegate asked how project developers and the ITTO can take these kinds of factors into account in their development and evaluation of the project.

The consultant in responding emphasized the importance of formulating practical assumptions based on an understanding of specific issues within individual countries. This would include ensuring that there was a realistic project timeframe taking into account existing bureaucratic hurdles in the country.

TFL-PD 037/13 Rev.2 (M) Implementing a DNA Timber Tracking System in Indonesia

A presentation was made by the consultant, Dr. Gan Kee Seng, on the results of his ex-post evaluation of the project TFL-PD 037/13 Rev.2 (M), which had successfully achieved most of its objectives and outputs.

The Indonesian delegate expressed gratitude to the Government of Australia for its financial support to implement the strategic activities of the project related to DNA timber tracking. The delegate elaborated that further work would be undertaken in collaboration with other stakeholders to integrate the DNA database for target species into the existing Indonesia SVLK system to ensure timber legality.

TFL-PD 044/13 Rev.2 (M) Strengthening of ANAM's Management Capacity to Reduce Illegal Logging and Trade in the Eastern Region of Panama (Bayano and Darien) through Monitoring and Control Mechanisms

A presentation was made by the consultant, Mr. Jorge Malleux, on the results of his ex-post evaluation of the project TFL-PD 044/13 Rev.2 (M). The evaluation showed that the project had successfully attained its objectives and outputs, resulting in the development and funding of a follow-up ITTO project (currently ongoing with support from the government of Japan) to extend the pilot log tracking system from the pilot regions covered in this project to the rest of the country.

Committee on Forest Industry

PD 600/11 Rev.1 (I) Model Capacity Building for Efficient and Sustainable Utilization of Bamboo Resources in Indonesia

A presentation was made by the consultant, Dr. Gan Kee Seng, on the results of his ex-post evaluation of the project PD 600/11 Rev.1 (I), which had successfully achieved all of its objectives and outputs.

The Indonesian delegate thanked the donor countries (Japan, Switzerland and Australia) of the project and provided an update on further work on bamboo development in Indonesia. Activities supported by the project have continued with the support of different donor institutions such as INBAR, ACIAR, ICRAF,

other ministries and local government. The delegate informed the Committees that the Government of Indonesia intends to fully realize the potential of bamboo resources to help fulfil its climate targets.

PD 737/14 Rev.2 (I) Developing Supply Capacity of Wood-based Biomass Energy through Improved Enabling Conditions and Efficient Utilization of Degraded Forest Lands Involving Local Communities in North Sumatra Province of Indonesia

A presentation was made by the consultant, Dr. Gan Kee Seng, on the results of his ex-post evaluation of the project PD 737/14 Rev.2 (I), which had successfully achieved all of its objectives and outputs.

The delegate of Indonesia expressed gratitude to the Government of Japan as the donor country and assured the Committees that policy related issues raised by the project on the development of biomass energy will be further coordinated with relevant ministries.

(B) Selection of Projects for Ex-post Evaluation

The Secretariat informed the Committees that the current balance available following consultation with donors on remaining monitoring and evaluation funds from completed projects for CEM is approximately US\$55,000, while all CFI pooled funds have been depleted. It recommended that members review the table of recently completed projects contained in document CEM-CFI(LVII)/1 Rev.1 with a view to making recommendation(s) for ex-post evaluation(s). In reviewing the table, the Secretariat noted that several of the older projects had been included because of the cessation of ex-post evaluations from 2016-2021 due the impairment of funds and the Covid pandemic. However, logistical difficulties (including staff movements, changes in or dissolution of Executing Agencies, etc.) make it quite difficult to undertake ex-post evaluations for projects that have been complete for more than a few years. The Committees agreed that in future it would restrict its consideration of projects to be selected for ex-post evaluation to those completed in the past two years. The Committees further agreed to defer selecting any projects for ex-post evaluation at this Session, reserving available funds for a possible themed evaluation in the future.

10. Policy Work

Four issues/activities under the CEM were considered by the Joint Session of All Committees. Two issues/activities under the CEM and three issues under the CFI were considered by the Joint Session.

Committee on Economics, Statistics and Markets

(i) Market Access

The Secretariat reported on developments relating to market access for tropical timber in 2022, including on four major legislative instruments: the EU Timber Regulation/EU Deforestation Regulation, the U.S. Lacey Act Amendments, the Illegal Logging Prohibition Act of Australia and the Clean Wood Act of Japan, which are regulating timber entering into these markets. In addition, the update also covered legislative developments in other important timber markets, namely: the Korean Revised Sustainable Use of Timber Act, Chinese Forest Law Amendment and Viet Nam – EU VPA/FLEGT Agreement, as well as the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

(ii) Forest and Timber Certification

The Secretariat reported on recent developments in forest certification in ITTO producer member countries. In 2022, the total area of certified forests (FSC + PEFC) in ITTO producing members was 38.1 million hectares, an increase of 2% from 2021, accounting for 8.5% of the world total. The number of chain of custody (CoC) certificates in ITTO producer countries increased 8.8% to 5,484 in 2022 which accounted for 8.6% of the total in the world. The FSC certified forest area in ITTO producer countries reached 22.4 million hectares which was 14% of global FSC certified area, while the PEFC certified area reached 15.7 million hectares, accounting for about 5.4% of the world total of PEFC. 9 national certification schemes endorsed by PEFC as of 2022 were: CERFLOR of Brazil, MTCC of Malaysia, IFCC of Indonesia, PAFC of Gabon and NCCF of India, VFCA of Vietnam, PAFC of Cameroon, PAFC Congo Basin of Republic of Congo, and F.T.I. of Thailand.

The delegate of India informed the Committees of its efforts towards sustainable forest management, noting that international organizations such as ITTO are the best platforms to promote global standards for certification and bring national certification schemes more recognition.

(iii) APEC EGILAT and ITTO collaboration

The Secretariat reported the participation of ITTO at the 23rd and 24th APEC EGILAT meetings and the Capacity Building Workshop on Tools and Technology for Timber Legality convened back to back with the EGILAT 24th Plenary Meeting. At the APEC EGILAT 23rd plenary meeting, ITTO delivered a presentation entitled 'Strengthening Community Forest Enterprises for Sustainable Tropical Wood Use' through a video presentation. At the APEC EGILAT 24th plenary meeting, ITTO made a presentation to discuss the promotion of sustainable wood use (SWU) in domestic markets of ITTO member economies. ITTO briefed the experts on the progress of SWU projects implemented in Viet Nam [PD 922/21 Rev.1 (I)], Thailand [PD 926/22 Rev.1 (I)], Indonesia [PD 928/22 Rev.1 (I)], and the preparation of a new similar project in Malaysia. At the capacity building workshop, ITTO shared information with the workshop's participants on the findings of ITTO activity (PP-A/56-342B) on analysis of timber legality assurance systems in China and Viet Nam.

The delegate of USA welcomed ITTO's participation and valuable contributions to the APEC Expert Group on illegal logging and associated trade over the past several years, particularly the presentations of ITTO at the 23rd and 24th APEC-EGILAT Plenary meetings and its associated workshop on tools and technologies for timber legality.

(iv) Progress report on Independent Market Monitoring of FLEGT-licensed timber

The Secretariat noted that this long-running EU-funded project was now complete. Several challenges were faced by the project over its nine-year duration, including the slower than expected pace of FLEGT licensing, delays due to the ITTO impairment and Covid, and difficulties in discerning impacts of FLEGT licensing from other global macro-economic trends on EU timber markets. Despite these challenges, the project had successfully attained all of its objectives and outputs. The Secretariat thanked the EU for their support for the project, and for selecting ITTO to implement it. The lead consultants (Sarah Storck and Rupert Oliver) were then invited to make a presentation (available at <https://www.itto.int/itcc-59/presentations/>) on key project outcomes, lessons learned and recommendations.

(v) Selected ongoing activities under the Legal and Sustainable Supply Chain (LSSC) programme

The Secretariat noted that a report on the LSSC programme, along with other relevant programme areas under ITTO's new financing architecture, would be provided to Council regularly under the relevant Council agenda item.

(vi) Items for CEM Policy Work for 2024

The Committee considered and agreed on the following items for discussion under its policy work agenda in 2024:

- Market access;
- Forest and timber certification; and
- APEC EGILAT and ITTO collaboration.

Committee on Forest Industry

(i) Analysis of TLAS and Good Forestry Practices in China and Vietnam

The Secretariat reported the completion of BWP activity PP-A/56-342B 'Analysis of timber legality assurance systems and good practices in China, Myanmar, and Viet Nam for sustainable timber trade' implemented by the Institute for Global Environmental Strategies (IGES), funded by the Government of Japan. The scope of the project was refocused on case studies in China and Vietnam due to problems with undertaking activities in Myanmar. The project completed studies in China and Vietnam and produced four technical reports: i) Legislation and other initiatives for legal timber trade in China; ii) Status of Timber Legality Verification by Business Entities in China; iii) Viet Nam's timber exports to Japan during 2018–2021 with a focus on products made using imported high-risk species; and

iv) Viet Nam's plantation timber supply chain: good practices to promote legal and sustainable timber products. Two summaries of technical reports for business entities were also produced. An online public seminar, with 210 participants from 15 countries, was held on 31 March to disseminate the project results.

The delegate of Japan thanked ITTO for coordinating the successful implementation of the project that contributed to enhancing international stakeholders' understanding of the legal and sustainable timber trade. In close collaboration with ITTO, Japan's Forestry Agency is actively sharing the project' results through different events and media.

(ii) Promotion of Sustainable Wood Use in Domestic Markets

The progress of the sustainable wood use (SWU) projects, funded by the Government of Japan, implemented in Vietnam [PD 922/21 Rev. 1 (I)], Thailand [PD 926/22 Rev. 1 (I)]; and Indonesia [PD 928/22 Rev.1 (i)] were reported to the Committees by the respective project coordinators. The Secretariat reported that a new SWU project, also to be funded by the Government of Japan, will begin implementation soon in Malaysia, following its funding at this session.

The ITTO Secretariat also reported on the completion of BWP activity PP-A/53-323H on the development of a policy brief on sustainable wood use in selected countries of Southeast Asia Region, namely Vietnam, Thailand and Indonesia, based on the work of the sustainable wood use projects currently being implemented.

Mr. Rupert Oliver (Co-coordinator, Trade Advisory Group) took the floor to emphasize the need for more data on consumption and use of tropical wood in domestic markets of tropical countries. He explained that if the said data is not available, the development of efficient policy measures to ensure the efficient use of forest resources to maximize value is impaired. There is a need for targeted research on products that have direct applications in domestic markets, particularly for lower value material. The TAG recommended that ITTO continue to develop capacity for regular research into domestic markets in tropical countries.

(iii) Items for CFI Policy Work for 2024

The Committee considered and agreed on the following item for discussion under its policy work agenda in 2024:

- Promotion of sustainable wood use in domestic markets.

11. Biennial Work Programme of the Committees for 2024-2025

The Committees took note of the activities of relevance to them in the BWP and noted that the 2024-25 BWP would be taken up for approval under agenda item 12(b) of Council.

12. Election of Chairpersons and Vice-Chairpersons for 2024

Following the usual consultations undertaken by the producer and consumer groups, Dr. Catherine Karr-Colque (USA) was elected as the Chairperson of the CEM and CFI for 2024. The name of the Vice-Chairperson will be communicated prior to the next Session by the producer group and will be announced to the Committees at their next Session for their adoption.

13. Dates and Venues of the Fifty-eighth and Fifty-ninth Sessions of the Committees

The Fifty-eighth Session of the Committees will be held in conjunction with the Sixtieth Session of the International Tropical Timber Council in 2024.

The Fifty-ninth Session of the Committees will be held in conjunction with the Sixty-first Session of the International Tropical Timber Council in 2025.

14. Other Business

The representative of the European Union (EC) requested clarification on where the CSAG event which took place during the Trade and Markets Day would be reported. The Secretariat informed that the report of the CSAG event was not part of the CEM-CFI Agenda and would be reported in the Report of Council.

The representative of the USA expressed appreciation to the Secretariat's Dr. Johnson for his long service to the Committees and to the Council.

15. Recommendations to the International Tropical Timber Council

- (i) The Committees recommended that funding be made immediately available for the following projects approved under the time-bound electronic no-objection procedure for the project cycle 2023:

Committee on Economics, Statistics and Markets

PD 933/23 Rev.1 (M)	5th World Teak Conference: Sustainable Development of the Global Teak Sector – Adapting to Future Markets and Environments (India) [US\$188,238]
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Committee on Forest Industry

PD 935/23 Rev.1 (I)	Promoting Sustainable Wood Use for the Domestic Market in Malaysia [US\$212,088]
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- (ii) The Committees recommended that funding be made immediately available for the following project approved at an earlier Session:

Committee on Forest Industry

PD 912/20 Rev.2 (I)	Strengthening Technical and Business Management in the Timber Forest Industry of Peru [US\$385,706]
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16. Report of the Session

The Committees adopted this report for submission to the Council, with due acknowledgement to the work of the Secretariat under the able guidance of the Chairperson of the Committees.

APPENDIX A

REPORT ON THE ITTO ANNUAL MARKET DISCUSSION – 2023 “Tropical Timber Industry: Challenges and Opportunities from Changing Priorities” 14 November 2023, Pattaya, Thailand

The theme of the 2023 Annual Market Discussion organized by the ITTO Trade Advisory Group (TAG) was: “Tropical Timber Industry: Challenges and Opportunities from Changing Priorities”. The Market Discussion was chaired by Mr. Rupert Oliver (TAG Co-coordinator).

The speakers, and the titles of their presentations, were as follows:

Dr. Preecha Ongprasert Royal Forest Department, Thailand	<i>Thailand Timber Industry: Challenges and Opportunities from Changing Priorities</i>
Dr. Lyndall Bull Food and Agriculture Organization of the United Nations (FAO), Italy	<i>The Role of Forests and Forest Products in a Bioeconomy Transition – Supply and Demand Perspectives</i>
Mr. Stephen Midgley Salwood Asia-Pacific, Australia	<i>Community Engagement and Smallholders as Pillars for Southeast Asian Forest Investment and Regional Wood Supplies</i>
Mr. Nobutaka Isoda, Tsukuba Research Institute Sumitomo Forestry Co., Ltd., Japan	<i>Mass Timber in the Building Industry</i>
Dr. Richard Eba’a Atyi CIFOR-ICRAF, Cameroon	<i>Smallholder Timber Supply for Domestic and Regional Markets in Central Africa: Importance and Challenges</i>
Mr. Franz-Xaver Kraft GD Holz Service GmbH, Germany	<i>EU Deforestation Regulation: Implications for Producers and Importers</i>
Mr. Nils Olaf Petersen European Timber Trade Federation (ETTF) Germany	<i>EUDR and Actions Taken by ETTF</i>

The presentations were followed by a question-and-answer session with members of the Council. Following the event, Mr. Barney Chan (TAG Co-coordinator) presented the TAG Statement (Appendix B). Presentations made during the 2023 ITTO Annual Market Discussion and the TAG Statement are available at <http://www.itto.int/ittc-59/presentations>.

Summary of Presentations

Preecha Ongprasert, Royal Forestry Department, Thailand

Thailand timber industry: Challenges and opportunities from changing priorities

In 1989 Thailand became the first nation to ban forest logging. This ban altered the structure of the wood processing sector and while slowing the rate of deforestation did little to preserve the kingdom's forests. Income growth in the wood-related industries after the ban was not significantly affected and beginning in the 1990s Thailand has increasingly developed its higher value-added processed wood products. As a consequence, the total income generated by wood-based industries continues to grow based on domestic planation raw material, especially rubberwood and imported timber. Thailand is a net importer of both logs and sawnwood.

Preecha Ongprasert provided a detailed account of the forest resources in the Kingdom, explaining natural forests extend over an area of over 16 million ha., teak plantations cover an area of 329,600 ha., eucalyptus plantation 670,400 ha. and rubber plantations a massive 5 million ha. In addition to domestic timber resources imports are significant.

Ongrasert provided and outline of the laws and regulations on forestry along with an overview of the Thailand National Strategy to enhance marketing and competitive capacity in the domestic and international market. The key challenges identified by Ongrasert include capacity building on SFM, the high cost of certification, the need to adapt to the EUDR and how to improve the livelihoods of smaller holders.

Lyndall Bull, FAO, Rome, Italy

The role of forests and forest products in a bioeconomy transition – supply and demand perspectives.

In this presentation Dr Bull provided an understanding of the environmental imperative to transition to a sustainable bio-economy and outlined the importance of forest products in that transition. She then outlined the major global forest trends related to forest cover, deforestation rates and restoration.

Following this, Dr. Bull outlined the demand drivers influencing global wood demand with a focus on the building and construction sector. Finally, she presented some results from the recently published Global Forest Sector Outlook 2050. This included discussion of the projected increases in demand for wood, including increased use in construction sectors and the likely increase in resource requirements that this will trigger.

Stephen Midgley, Salwood Asia Pacific Pty Ltd

Community engagement and smallholders as pillars for Southeast Asian forest investment and regional wood supplies

Global demand for wood is increasing and fast-growing plantations will remain the major source of industrial round wood. Land for extensive plantations is limited in SE Asia and access to land is a major challenge for plantation expansion in the region: communities and households have land and smallholders have emerged as a vital source of wood and wood fiber.

In aggregate, Asian smallholders are now providing more commercial wood than many of the global “giants” such as British Columbia, Finland and Sweden. Community and smallholder engagement are a normal part of business in the region. Examples were offered from China, India, Vietnam and Thailand and suggestions provided for future ITTO engagement.

Nobutaka Isoda, Tsukuba Research Institute, Sumitomo Forestry, Japan

Mass timber in the building industry

Mass timber is a category of wood product made by fastening or bonding smaller wood components with nails, dowels or adhesives, and mainly used for structural members. Mass timber is currently mostly made out of softwood.

Mass timber can be larger dimension timber products than conventional sawn timber and lends itself to mid-to large-scale buildings such as multi-family residences, schools, and office buildings. Mass timber is engineered for high strength ratings like concrete and steel but is significantly lighter in weight.

The global production of mass timber panels (primarily CLT) in 2019 was estimated at 1.44 million cubic meters (valued at US\$773 million). Global CLT production capacity was estimated at 2.8 million cubic meters in 2020, expanding rapidly and projected to reach 4 million cubic meters by 2025.

Mass timber construction is a ‘big wave’ to change cities into forests. By increasing mass timber buildings in cities, they become carbon stores just like forests. Isoda said mass timber in the building industry has a very important role towards the realization of a decarbonized society, and he expressed hope that tropical countries would begin to explore its potential.

Richard Eba’a Atyi, CIFOR – ICRAF, Cameroon

Smallholder timber supply for domestic and regional markets in central Africa: importance and challenges

Central Africa’s national and regional timber markets are booming. Across the region, rapid population growth, urbanization and economic development are driving an increase in domestic demand for sawn timber, which in many countries is already more significant in volume than demand for industrial timber for export.

However, consumers’ purchasing power remains weak, and in general they lack interest in the origin of the timber they buy – two important considerations that contribute to the prevailing informality of local markets. Domestic demand is mostly met by artisanal loggers, who are quite well organized, yet operate outside of existing legal frameworks.

These people operate outside of existing legal frameworks because in most countries the procedures to produce legally are complex and expensive and in some the issuance of permits to small scale operators has been suspended.

The informal logging sector creates many jobs and generates significant revenues in both rural and urban areas. In Cameroon, for instance, chainsaw milling provides 45,000 direct jobs and generates more than 20 billion FCFA (\$33 million) in revenues, according to a study led by the Center for International Forestry Research (CIFOR). But these jobs are precarious. Because small-scale timber producers lack legal protection, they have irregular incomes, and their activities are vulnerable to corruption and authorities' abuse.

Small-scale timber production is largely neglected by existing forest governance regimes, which are designed to meet the needs of the industrial sector. This situation makes it difficult to adopt policies that can seriously reduce the environmental impact of artisanal logging. The biggest challenge is to overcome the inability of governments to stimulate legal trade.

Franz-Xaver Kraft, GD Holz Service GmbH, Germany

EU Deforestation Regulation (EUDR): Implications for producers and importers

Kraft introduced the timeline for implementation of the EUDR and immediately identified an issue of concern. The EUDR applies to wood harvested after 29 June 2023 and placed on the EU market after 30 December 2024. It was emphasized that exporters need to start collecting information now so that wood can be imported into the EU after the cutoff date.

The obligations of importers include having to apply a due diligence system (DDS) prior to placing imported wood on the market. The DDS must cover issues such as deforestation, forest degradation and harvesting in accordance with local laws.

Importers must prove that products do not originate from land where deforestation or forest degradation occurred after 31 December 2020. Satellite images, official documents, certification or audits could serve as evidence, among others. It was stated that there is no exemption for wood covered by FLEGT or CITES. FLEGT can serve as evidence of legality but evidence of no deforestation or forest degradation still needs to be proven.

Turning to information required to successfully fulfil the EUDR, it was pointed out that importers will have to heavily rely on the assistance of producers. These need to provide geo-coordinates of all plots of land where wood was harvested, date of harvest, scientific name of the timber, evidence that the wood was harvested legally and evidence that the wood doesn't originate from a plot of land where deforestation or forest degradation have occurred after 31 December 2020. For so called 'high-risk-countries', additional information and risk mitigation measures may be necessary. If this information is not available, EU customs authorities will not allow the wood to enter the EU.

To conclude, Kraft said: "Nobody is better prepared for this regulation than [large] forestry enterprises in the tropics as they already use GIS systems, have documents proving compliance and have experience with the EUDR".

Nils Olaf Petersen, ETTF, Germany.

EUDR and actions taken by the European Timber Trade Federation (ETTF)

The European Timber Trade Federation (ETTF) represents timber product importers' interests across Europe, as well as non-importing merchants, distributors and traders. The ETTF operates on a united base representing and lobbying on behalf of the entire industry to national and EU authorities and key decision makers in the marketplace. The ETTF comprises 15 member EU timber associations and federations. The ETTF has been active providing information on the EUDR to its members and supplier countries through webinars, newsletters and workshops and has regularly conducted stakeholder consultations and communicated with stakeholders in other commodity sectors.

Petersen emphasised that, for timber harvested after June 2023 and placed on the EU markets after 2024, the EUDR applies so that it is important that suppliers and importers work together to gather the required information. The ETTF is of the opinion that the timber industry needs a much longer transition period to allow suppliers and importers to be confident in satisfying the requirements of the EUDR to avoid timber shipments being seized and companies being penalised and/or blacklisted. On implementation, the ETTF has called for a harmonized system within the EU that supports fair competition.

The process of implementation and enforcement by EU member countries is still evolving but what is clear in the EUDR is that any person can declare a concern and that the authorities are obliged to investigate immediately, which may lead to uneven application (eg some countries have more active NGOs). Petersen noted there is no exemption from the EUDR for wood products shipped with FLEGT licenses or CITES certificates.

The European Commission has indicated that the conditions for satisfying the EUDR will vary according to a ranking system for different countries under three categories, Low risk, standard risk and high risk. Depending on the ranking decided by the European Commission, differing standards in fulfilling due diligence requirements will be applied. When the EUDR entered into force in June 2023 all countries were classified as standard risk. At the end of 18 months the Commission will classify countries and parts thereof as low or high risk and publish this list.

Petersen concluded "No sector is better prepared than the forestry sector but currently no-one is well prepared" adding "it will be extremely difficult for many supplier countries and EU importers to comply with the EUDR especially the smaller companies". Especially transferring the regulation into practice remains a challenge as many practical questions are still unanswered. During the presentation it was pointed out that trade federations were only involved in the development of the EUDR at a quite late stage.

The aim of the regulation, to avoid deforestation and forest degradation, is undebatable and welcomed by ETTF stakeholders. Regarding its implementation there are some serious challenges and now trade federations need to collaborate closely to prevent further damage to their members.

Discussion and interventions

A delegate from Ghana stated that mass timber in construction is the future but that mass timber products are not popular in Ghana for house building because they are perceived as being susceptible to fire. He asked Nobutaka Isoda, who spoke on mass timber in the building industry, if mass timber products can be made fire resistant. Isoda responded saying most countries have fire regulations for building products and suggested that Ghana could import mass timber products. He also said that timber can be treated to offer fire resistance but most of the fire resistance comes from the ability of large pieces of engineered wood to resist all but the hottest fires, usually with only charring of the surface of the wood.

The delegate from Ghana further commented that the EUDR appears to be an attempt to influence governance in producer countries. The delegate asked for clarification on how timber harvested from trees planted on land on which the forest cover was destroyed by fire would be dealt with under the EUDR and (given the implications of the EUDR) if countries should continue efforts to meet the requirements of the EUDR.

Responding to the first question on marketing of wood from plantations grown on land where there was fire damage of the natural forest a speaker from the ETTF said the EUDR is not flexible and as it stands now, timber from trees planted on land which was once forest but was destroyed by fire would not meet the requirements of the EUDR.

Regarding whether countries with VPAs should continue pursuing FLEGT licensing a speaker from the ETTF said emphatically, yes, it would be advisable to complete the process adding that he has observed improvement in monitoring capacity, governance and sustainability as countries move to FLEGT licensing and this will help in meeting the requirements of the EUDR. Also, the legality requirements of the EUDR can be addressed through the FLEGT process. He added that no country pursuing FLEGT should forget that it will help reduce the burden of information requirements under the EUDR.

A delegate from Vietnam commented on the lack of linkage between the EUDR and the EUDR. He pointed out that Vietnam has committed considerable resources preparing for the VPA but now the focus in Vietnam is the EUDR. He requested that preference should be given to those countries that are trying to conclude VPAs and are still actively preparing for their implementation.

On the enforcement of the EUDR, the delegate from Vietnam pointed out that timber supply chains can be very complicated. He said that Vietnam uses domestic acacia and rubberwood and imported timber from over 100 countries for the manufacture of wood products for export to the EU. The domestic timber is supplied by small landowners, many of whom cannot read or write. He wondered how can they be expected to understand the requirements of the EUDR and provide geo-coordinates for the harvested wood and how can Vietnamese importers obtain geo-coordinates for the vast number of species imported from around the world to prove they are deforestation free? He commented that there is not enough time to prepare for the EUDR given the complexity of the sector.

The Market Discussion Chair commented that many in the timber trade were startled by the time scale for implementation of the EUDR. For large companies which have the financial and manpower resources it may be possible but for small operators it will be very difficult, especially where there are complex supply chains.

Both speakers from the ETTF shared the concerns of the delegate from Vietnam but did not have a solution. One indicated that he is aware the EC has some initiatives to work with smallholders but has no details, adding that it is important for domestic timber associations to aid small scale suppliers. He added that support for small scale suppliers is also a challenge in Germany where forest ownership is very scattered with thousands of forest owners with just one or two hectares, a problem shared by other European countries. He added that the EC needs to be aware of this and provide a precise guidance document.

On Vietnamese overseas suppliers the speaker from the ETTF recommended that all overseas suppliers be advised on what information and documentation they will need to provide so the requirements of the EUDR can be satisfied.

The representative from the IWPA asked if any studies existed on the potential economic impact of the EUDR or impact on consumer demand and also whether studies have been done on the potential impact of the EUDR on small and medium-sized enterprises.

The Market Discussion Chair said he was unaware of any economic analyses except for the fitness test conducted by the EC. This, he said, indicated that the costs of implementation were believed to be quite low but it was unclear if the private sector was consulted.

The speaker from the ETTF considered the work done by the EC insufficient and fears that some products may disappear from the EU market because the supply chains are too complex making it impossible to gather the required information to satisfy the EUDR.

To give an example on costs he quoted an example from Germany where creating an IT-based due diligence system for the EUDR was estimated to cost up to 400,000 euros, and this was only the development cost. He added an SME could not afford such a system and it would also be very difficult for them to afford the extra staff to maintain a robust system. He informed the meeting that he understands the EC is planning an impact assessment at some time in the future.

The delegate from Australia thanked the speakers for drawing attention to the supply and demand challenges presented by the EUDR as this issue is under-appreciated. He added that efforts to change negative perceptions of tropical wood need to be undertaken and that Australia appreciates the international efforts of ITTO and FAO in this regard.

A delegate from Ghana made an intervention saying Ghana is on the brink of issuing the first FLEGT license in Africa which should be a reason to celebrate but satisfaction has been replaced by frustration as achieving FLEGT licensing has been diminished by the EUDR which does not recognize FLEGT licenses, CITES or certification.

He added that Ghana was convinced there were synergies between FLEGT and certification and first thought FLEGT would be simple but eventually realized it involved considerable domestic reforms, not just on legality but also on SFM. He commented that the EC has adopted the EUDR and relegated the VPA and asked what reason Ghana now has to celebrate. He next turned to the risk ranking of countries to be determined by the EC and asked what benchmark will be used and whose law and/or judgement will be applied.

On development of plantations, he agreed that this is the future but there is an issue of finding enough land to plant trees on. In Ghana there are degraded forests but future plantation timber from such land will not be accepted under the EUDR, so the country is in a quandary. As a final comment he reminded delegates that the extractive industries (e.g. mining, oil/gas, etc.) are a major source of deforestation, but the EUDR does not cover these industries. He requested clarification as to why are these sectors not included in the EUDR.

At the end of the discussion a delegate from the EC intervened reminding everyone of the international commitment to end deforestation by 2030, adding that the EUDR is an environmental measure designed to help achieve this objective. He said that he had taken note of concerns regarding smallholders, stating that this issue has been raised by some authorities but when the EC held discussions with smallholders (notably within the multistakeholder forum), they were usually positive and claimed they could see the benefits from the EUDR.

He commented that FLEGT negotiations are ongoing with many partners and with some the EC is far from reaching the license stage; therefore, it is not possible to say countries should continue pursuing FLEGT as it is not appropriate for all countries.

On the issue of guidance documents raised by speakers from the ETTF the delegate from the EC indicated the Commission was ready to address this, adding that FAQ are readily available and regularly updated. He confirmed that there will be an impact assessment of the EUDR at some point in the future.

On the potential impact of the EUDR, the delegate from the EC stated that assessments have been undertaken in Thailand, Laos and Malaysia and the conclusions for some were quite positive. In Thailand, for example, where rubber is a major commodity under the EUDR, the impact assessment showed that the Thai authorities are already well prepared.

He added we should not overestimate the difficulties. We know there will be some but through cooperation with the EC/EU, they should be manageable. He concluded that the regulation has now been passed so we should all work together to make sure the timber trade is not negatively impacted.

Trade statement

Mr. Barney Chan (TAG Co-coordinator) read out a prepared statement to participants attending the Market Discussion. This statement is appended as it was presented in Appendix B.

Theme for 2024 Annual market discussion

The Trade Advisory Group (TAG) decided to defer its decision on the theme for the 2024 Annual Market Discussion. A theme will be conveyed to the ITTO Secretariat in advance of the next ITTC.

APPENDIX B

STATEMENT OF THE TRADE ADVISORY GROUP (TAG)

Presented at the 2023 Annual Market Discussion by
Barney Chan (TAG)
14 November 2023

Chairman
Ladies and Gentlemen

Our Trade Statement focuses on the “EU Regulation 2023/1115 Of the European Parliament and of the Council”, or EUDR for short. This regulation will have a significant impact on the tropical timber trade in EU, and it also has serious implications in tropical timber producing countries.

The principle behind the EUDR is one that the tropical timber trade supports. Deforestation is anathema to an industry built on sustainable use of tropical forests.

TAG welcomes the acknowledgement in the preamble to EUDR that the major driver of deforestation is not demand for wood products, but that, in the words of EU, “agricultural expansion drives 90% of global deforestation”.

However, TAG is deeply concerned that the law fails to acknowledge, either explicitly in the text or by implication in the measures it imposes, that the sustainable production and consumption of timber promotes forest conservation and mitigates climate change.

Timber is the only commodity within the scope of EUDR for which an increase in demand can enhance the value of forests, actively discourage deforestation, and promote increased investment in sustainable forest management, as well as help address climate change.

And, as stated in the Ministerial Call on Sustainable Wood issued at the 15th World Forestry Congress held in Seoul in May 2022, “scaling-up bio-economies by using sustainable wood replacing carbon-intensive materials has high potential to become a cost-effective and innovative contribution at scale to achieve carbon neutrality and build more resilient economies”.

In light of this, there is a significant responsibility on the part of EU and the architects of similar regulations in other consumer markets to ensure that laws developed with the best of intentions to help reduce deforestation, do not inadvertently increase barriers to the trade in legally sourced wood products as such regulations are more likely to undermine than enhance the value of standing forests.

TAG is somewhat reassured that the definitions of “deforestation” and “degradation” in the EUDR do, by implication, recognise the continuing role for selection harvesting in natural tropical forest. However, TAG believes that some aspects of EUDR have the potential to create unnecessary barriers to the sustainable development of tropical forest resources and trade in tropical timber products:

First, the regulation does not differentiate between illegal deforestation and legal forest conversion, thereby undermining the ability of tropical countries to make their rational decisions as to the appropriate balance between forest land and agricultural land within their own borders. The regulation seems to conflict with the Charter of the United Nations and the principles of international law, as referenced in the ITTA, that “States have the sovereign right to exploit their own resources pursuant to their own environmental policies.”

Second, the lack of adequate consultation with trade partners before the regulation was passed, and the continuing apparent unwillingness of the EU to engage in dialogue on the regulation through a multilateral organisation like the ITTO.

TAG decided to focus this trade statement on the EUDR only after we learned that there would be no separate agenda item on EUDR during this Council session. TAG believes this lack of dialogue has been a major factor contributing both to the inclusion of inappropriate technical requirements in EUDR and to unfortunate misunderstandings surrounding the scope and objectives of the regulation.

Third, the definition of “forest degradation” contained in the EUDR, which is not internationally recognised, prohibits EU trade in timber products from plantations established after 2020 on land converted from natural

forests. This seems particularly perverse when it is considered that the development of globally competitive forest products industries in the EU during the course of the last century has been heavily dependent on conversion of degraded natural forest into more intensively managed plantations.

Fourth is the requirement that scientific names be used to identify all tree species contained in products placed on the EU market. This requirement could have a negative impact on a trade which historically has been based on the genus of the tree rather than the very specific species. In fact, trade names are more commonly used and well understood by both producers and consumers. This requirement for scientific names begs the question: are there enough tropical dendrology experts to do this?

Fifth, the obligation to provide geolocation data for all individual plots of land, defined as “within a single real estate property”, from which all timber contained in a consignment may have derived will be particularly challenging for all products derived from smallholders, for composite products such as furniture, and for products such as panels where there may be widespread use of mill co-products and other waste material.

The EUDR requirements have potential to discriminate against small and medium sized enterprises, of which there are many tens of thousands, and in some cases, hundreds of thousands in the tropical timber sector. It threatens to roll back years of work, in the interests of sustainability, to add value to timber products prior to export from tropical countries, and to ensure the most efficient utilisation of all wood material.

TAG recognises the importance of demonstrating the legal and sustainable provenance of all products placed on the international market, and as such has long advocated for the development and promotion of timber legality assurance and forest certification systems in tropical countries. However, the successful implementation of these systems is critically dependent on dialogue and the active engagement of stakeholders. Attempts to impose systems by outside agencies without adequate engagement have failed in the past.

In view of this, TAG welcomes the EU commitment in Article 30 of EUDR to evolve Forest Partnerships with tropical countries that “allow the full participation of all stakeholders”, alongside the recent announcement of “Team Europe Initiative on Deforestation-free Value Chains” which aims to “facilitate an inclusive transition to deforestation free and legal supply chains to the EU.” In developing these forest partnerships, TAG would urge that the EU takes full and proper account of the concerns raised in this statement, and of the significant positive contribution of the legal trade in tropical forest products to mitigate the risks of deforestation.

Members of TAG stand ready to work with EU so as to ensure a smooth implementation of a simple and practical system to address the aims of the EUDR.

Would the EU accept our hand of cooperation?

Thank you.

Note: TAG can be contacted at ti@itto.int

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**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

**COMMITTEE ON
REFORESTATION AND FOREST MANAGEMENT**

Distr.
GENERAL

CRF(LVII)/6
17 November 2023

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FIFTY-SEVENTH SESSION
13-17 November 2023
Pattaya, Thailand

**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL FROM
THE FIFTY-SEVENTH SESSION OF THE COMMITTEE ON
REFORESTATION AND FOREST MANAGEMENT**

Item 1 - Opening of the Session

The Fifty-seventh Session of the Committee on Reforestation and Forest Management (CRF) was opened on 15 November 2023 by Mr. Jorge Mario Rodríguez (Costa Rica), Vice-Chairperson of the CRF for 2023. Mr. Jorge Mario Rodríguez chaired the Committee in lieu of Ms. Alicia Grimes (USA), the designated Chairperson of the Committee for 2023, who could not attend due to family emergency matters.

The list of participants is presented in Document ITTC(LIX)/Info.2.

Item 2 - Adoption of Agenda and Organization of Work

The Provisional Agenda for the CRF, as contained in Document CRF(LVII)/1 Rev.1, was adopted by the Committee. To expedite proceedings, the Agenda items 4, 6, and 9 were considered at the Joint Session of the Committees convened on 14 November 2023 in order to ensure that all agenda items are covered within the limited time available to the Committee. The Chairperson of the CRF proposed to organize the Session in the following order: Item 3, Item 5, Item 7, Item 8, Item 10, Item 11, Item 12, Item 13, Item 14, Item 15 and Item 16.

Item 3 - Admission of Observers

The Committee admitted the observers listed in Document ITTC(LIX)/Info.3 Rev.1 as approved by the Council.

Item 4 - ITTO Annual Market Discussion - 2023

The Committees noted the summary of the ITTO Annual Market Discussion – 2023, held in the Joint Session of All Committees as part of the Trade and Markets Day on 14 November 2023, as contained in Appendix A to Document CEM-CFI(LVII)/5. The theme of the Market Discussion was “Tropical Timber Industry: Challenges and Opportunities from Changing Priorities”. Mr. Rupert Oliver (TAG Co-coordinator) moderated the Market Discussion.

The following feature presentations were made during the Market Discussion (available at <https://www.itto.int/ittc-59/presentations/>):

Dr. Preecha Ongprasert
Royal Forest Department, Thailand

Thailand Timber Industry: Challenges and Opportunities from Changing Priorities

Dr. Lyndall Bull
Food and Agriculture Organization of the
United Nations (FAO), Italy

The Role of Forests and Forest Products in a Bioeconomy Transition – Supply and Demand Perspectives

Mr. Stephen Midgley
Salwood Asia Pacific, Australia

Community Engagement and Smallholders as Pillars for Southeast Asian Forest Investment and Regional Wood Supplies

Mr. Nobutaka Isoda, Tsukuba Research Institute
Sumitomo Forestry Co., Ltd., Japan

Mass Timber in the Building industry

Dr. Richard Eba'a Atyi
CIFOR-ICRAF, Cameroon

Smallholder Timber Supply for Domestic and Regional Markets in Central Africa: Importance and Challenges

Mr. Franz-Xaver Kraft
GD Holz Service GmbH, Germany

EU Deforestation Regulation: Implications for Producers and Importers

Mr. Nils Olaf Petersen
European Timber Trade Federation (ETTF)
Germany

EUDR and Actions Taken by ETTF

The Committees further noted the statement of the Trade Advisory Group (TAG) presented during the Market Discussion as contained in Appendix B to Document CEM-CFI(LVII)/5.

Item 5 - Policy Work

The Committee considered the progress in the implementation of the following policy-related matters:

(i) Dissemination of the ITTO Guidelines for Forest Landscape Restoration in the Tropics [Activity 11 (b), ITTO Biennial Work Programme 2021-2022]

The Secretariat informed the Committee on the progress made in the implementation of this Activity as follows:

- The ITTO Guidelines for Forest Landscape Restoration in the Tropics were developed in 2020 with the invaluable support of many members of the Collaborative Partnership on Forests (CPF), including CIFOR, FAO, IUCN and IUFRO.
- Recognizing the importance of disseminating these ITTO FLR guidelines, a series of webinars was organized for Latin America and Caribbean, as well as the Asia-Pacific regions in 2020-2021. In July 2023, ITTO, in collaboration with the Asian Forestry Cooperation Organization (AFoCO), organized an online workshop titled 'Forest Landscape Restoration in the Asia-Pacific Region: Monitoring, Reporting, and Verification in Forest Carbon Assessment'. The workshop enriched participants' understanding of the MRV in forest carbon assessment and the role of Article 6 of the Paris Agreement in promoting FLR.
- Building on ITTO's strong commitment to FLR, the assessment of the thematic group focusing on FLR projects was carried out in 2023 and its outcomes were presented by the consultant (Ms. Suneetha Subramanian, United Nations University Institute for the Advanced Study of Sustainability) at the joint sessions of the Committees convened on 14 November 2023. The assessment report was produced as a policy report titled "Advancing Forest Landscape Restoration in the Tropics: Experiences and Lessons for Socio-Ecological Resilience and Empowerment of Women in the ITTO Projects".
- In the draft Biennial Work Programme (BWP) 2024-2025, this critical activity is incorporated to further strengthen ITTO's efforts to advance the restoration of degraded tropical forest ecosystems.

In the discussion, the Delegation of the USA recognized the collective efforts to promote FLR and recommended the continued promotion of the ITTO FLR guidelines to support the achievement of the UN Decade for Ecosystem Restoration. The Delegation of Germany pointed out that the market discussions held at the joint sessions of the Committees covered the issues of industry demand side, but supply chains were not sufficiently addressed. He recommended the future FLR discussions cover the aspects of sustainable production and supply sides. The Delegation of India introduced the country's ecosystem restoration commitments and strategies, as well as the development of the domestic markets. He highlighted the significance of promoting ecosystem restoration in line with global initiatives.

The Committee recommended that the Secretariat proactively promote the ITTO FLR guidelines to contribute to the achievement of the UN Decade on Ecosystem Restoration 2021-2030.

(ii) Joint ITTO-CBD Collaborative Initiative for Tropical Forest Biodiversity / Programme document 2024-2025 [Decision 6(XLVI)] [Document CRF(LVII)/4]

The Secretariat informed the Committee on the progress made in the implementation of this Activity as follows:

- In February 2021, ITTO and CBD renewed the MoU until 2025. This extension reflects the joint commitment to conserve biodiversity, implement sustainable forest management, restore degraded forest landscapes, and promote the sustainable use of forest resources. It facilitates capacity building to implement the ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests and other relevant guidelines and policies of CBD and ITTO.
- The achievements of the ITTO-CBD Collaborative Initiative supporting 16 projects in 23 tropical forest countries included:
 - the expansion of a Peruvian mangrove protected area by more than 700 000 hectares;
 - a better understanding of animal movements and habitat conservation in the Emerald Triangle Forests between Cambodia, Lao PDR and Thailand;
 - more than 120 hectares of mangrove forest planted in Fiji; and
 - more than 400 foresters in Central Africa trained in sustainable forest management.
- To share insights gained from the ITTO-CBD Collaboration Initiative, the Secretariat organized a side event in collaboration with the CBD Secretariat at CBD COP 15 in Montreal, Canada in December 2022 and another side event during UNFF 18 in May 2023.

- The Program Document for 2024-2025 for the ITTO-CBD Collaboration Initiative prepared as Document CRF(LVII)/4 to outline joint activities to enhance sustainable capacity building, thereby contributing to the achievement of the tropical forest-related goals and targets outlined in the Kunming-Montreal Global Biodiversity Framework.

Regarding the transboundary cooperation in the Emerald Triangle Forests between Cambodia, Lao PDR and Thailand, Prof. Yongyut (Kasertsat University, Thailand) made a presentation on the main achievement of this transboundary project.

In the discussion, the Delegation of Japan emphasized the potential contribution of ITTO to the achievements of many targets of the Kunming-Montreal Global Biodiversity Framework, in particular Target 3 (30x30), which ensures that by 2030 at least 30% of land and ocean are protected through other effective area-based conservation measures (OECMs). The Delegation of the USA questioned the sustainability of the project in the Emerald Triangle Forests. In response to this question, the Secretariat mentioned that the cooperation platform has been well established with the engagement of three universities' biodiversity experts and the executing agencies are seeking extended activities through funding opportunities such as the Global Environment Facility. The Delegation of Cambodia expressed its appreciation to the governments of Japan, Switzerland and the USA for providing financial supports to the Emerald Triangle Forests project and recalled the implementation of this transboundary project by overcoming border conflicts. The three executing agencies seek additional funds for conservation of social-ecological production landscapes within regional initiatives, including the Green Mekong Initiative. The Delegation of Thailand commended this subregional partnership as a very successful model for other countries.

The Committee endorsed the ITTO-CBD Collaborative Initiative's Program Document 2024-2025 to facilitate the effective implementation of the ITTO-CBD Collaborative Initiative. Furthermore, the Committee recommended ITTO's continued efforts to promote the conservation and sustainable use of biodiversity in tropical timber production forests to contributing to the achievement of the forest-related goals and targets of the Kunming-Montreal Global Biodiversity Framework.

(iii) Adapting the 2006 ITTO Criteria and Indicators (C&I) for Sustainable Forest Management (SFM) to African context / Editing and printing for dissemination and information sharing [Decision 2(LIII)] [Activity 7 (b), ITTO Biennial Work Programme 2021-2022] [PP-A/55-336 / BWP 18-19/8b C&I Africa]

The Secretariat reported to the Committee on the progress made in the implementation of this Policy Work related Activity as follows:

- The Committee was recalled that the final version of the 2006 ITTO Criteria and Indicators (C&I) for Sustainable Forest Management (SFM) adapted to African context was posted on the ITTO website for comments by ITTO Members, and by the deadline of 1 November 2022 there were no comments. Therefore, the approved document on adapted set of ITTO C&I is henceforth considered as the reference to continue disseminating and promoting SFM good practices in Africa's tropics.
- With additional funds provided by Japan Forestry Agency, the Secretariat has finalized the lay-out of the English e-version which is posted on ITTO website and is available with the title "*ITTO criteria and indicators for the sustainable management of African tropical forests*" through the following link: https://www.itto.int/direct/topics/topics_pdf_download/topics_id=7661&no=1&disp=inline. The document is being translated into French and the e-version is to be posted on ITTO website, as soon possible. The hardcopies in 2 ITTO working languages of the Africa region (English and French) will be ready by end of year 2023.
- The Secretariat is seeking additional funds, through the next Biennial Work Programme (BWP) for 2024-2025, for holding two regional workshops for the dissemination of the 2016 ITTO Criteria and Indicators (C&I) for Sustainable Forest Management (SFM), which was revised and adapted to African context.

The Delegation of the Australia acknowledged the importance of ITTO Criteria and Indicators (C&I) for Sustainable Forest Management (SFM), as other international C&I Processes (Montreal Process for boreal forests and Pan European Process for temperate forests), to be considered as reference for monitoring SFM and promoting good SFM practices in the tropics.

The Delegation of Japan commended the work of Secretariat for the finalization of the 2006 ITTO Criteria and Indicators (C&I) for Sustainable Forest Management (SFM) adapted to African context and encouraged

its dissemination in African ITTO member countries for wider use as an important technical tool for SFM good practices.

The Committee reiterated the importance of this new set of ITTO C&I adapted to African context and informed the Committee that this BWP Activity is part of the draft BWP 2024-2025 for seeking funds for its dissemination in African ITTO member countries.

(iv) Revision of the ITTO Guidelines on Prevention and Management of Forest Fires based on the findings of the two forest fire projects in Indonesia (PP-A/56-340-1) and in Peru (PP-A/56-340-2)

The Secretariat informed the Committee on the progress made in the implementation of this Policy Work related Activity as follows:

- The two BWP-based Forest Fire projects in Indonesia and Peru in 2021 and 2022, generously funded by the Government of Japan, were instrumental in increasing the capacity building efforts in the two countries. The comprehensive outcomes of these two fire projects were presented at the Committee session last year.
- These fire capacity building projects contributed to improving coordination and cooperation between national, regional authorities and local communities. They not only enhanced coordination in preventing and responding to forest fires, but also substantially promoted the capacities of government agencies, fire brigades and local communities in both Indonesia and Peru.
- ITTO is currently a member of the Global Wildland Advisory Group of the United Nations International Strategy for Disaster Reduction (UNISDR) and International Liaison Committee (ILC) of International Wildland Fire Conferences. Our commitment extended to supporting the participation of ITTO projects fire experts in these International Wildland Fire Conferences, including 6th in Korea in 2015, the 7th in Brazil in 2019, and the most recent 8th International Wildland Fire Conference held in Portugal in May 2023.
- ITTO's involvement in these International Fire Conferences has been instrumental in facilitating the exchange of knowledge and expertise on wildland fire policies, research, and management.
- The draft BWP Activity for 2024-2025 include forest fires and the Committee will continue its deliberations on forest fires in the coming years.

A representative from the Geo-Informatics and Space Technology Development Agency (GISTDA), Ms. Chayarine Jiawaragul, made a presentation on GISTDA's fire-related work utilizing satellites for forest fire monitoring, developing early warning systems, and identifying open-burning locations via a sensor network and drones.

In the discussion, the Delegation of India highlighted the key outcomes of the recent UNFF Country-led Initiative meeting in Dehradun, attended by more than 80 participants, in which wildfires were discussed as one of the two topics. The recommendation of this meeting included scaling up deployment of remote sensing-based measures, and digital alert systems, enhancement of involvement of civil society in awareness and capacity building training, and promotion of regional and international cooperation for management of transboundary forest fires. The Delegations of the USA and Australia highlighted the importance of ITTO engagement in supporting to the Global Fire Management Hub,

Recognizing the extended work of forest fires, including the promotion of the ITTO forest fire guidelines, the Committee recommended ITTO's collaboration with the newly established Global Fire Management Hub to enhance knowledge sharing and information dissemination in this global platform.

Item 6 - Report of the Expert Panel for Technical Appraisal of Project Proposals

The Joint Session of All Committees considered the report of the Fifty-eighth Virtual Expert Panel for Technical Appraisal of Project Proposals presented by panel member Ms. Akiko Tabata (Japan), as contained in document ITTC/EP-58 (presentation available at <https://www.itto.int/itc-59/presentations/>).

The Fifty-eighth Panel appraised seven (7) proposals, including one proposal (PD 934/23 (F) 'Strengthening the conservation of the critically endangered Rosewood (*Dalbergia* spp.) in Dakrong Nature Reserve and Dong Nai Conservation Landscape, Viet Nam') resulting from a concept note submitted under previous calls for concept notes under ITTO's new financing architecture-phase II in accordance with Decision 4(LVI). The Panel noted that:

- Five (5) project proposals (72 percent of the total) were commended to the Committee for final appraisal with minor modifications required (category 1);
- One (1) project proposal (14 percent of the total) will be sent back to proponents for essential revisions, rated as category 2;
- One (1) project proposal (14 percent of the total) received a category 4, indicating that the Expert Panel does not commend it to the Committee for approval as it requires complete reformulation.

Item 7 - New Projects and Pre-projects

The Committee noted the projects and pre-projects that were approved under the time-bound electronic no objection procedures to accept the Expert Panel's ratings and circulated to member countries pursuant to Decision 6(XLIII), as contained in Annex to Document ITTC/EP-58, following the recommendations of the Expert Panel at its 58th Meeting as follows:

Fifty-eighth Expert Panel

Category 1:

PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 925/22 Rev.2 (F)	Support to the Local Communities of the Mono Plain for the Promotion and Sustainable Management of Community Forests in Togo	Togo
PD 934/23 Rev.1 (F)	Strengthening the Conservation of the Critically Endangered Rosewood (<i>Dalbergia spp.</i>) in Dakrong Nature Reserve and Dong Nai Conservation Landscape, Vietnam	Vietnam
PPD 203/23 Rev.1 (F)	Support for the Promotion and Sustainable Management of Community Forests in the Oti Plain, Togo	Togo

Item 8 - Report on Completed Projects and Pre-projects and Biennial Work Programme-based Activities [Document CRF(LVII)/2]

The Committee considered the completed projects contained in Document CRF(LVII)/2 and noted that no project, one pre-project and two Biennial Work Programme-based activities were to be declared complete by the Council.

8.1 Completed Project(s)

None

8.2 Completed Pre-project(s)

1) PPD 201/21 Rev.1 (F) Study for Capacity Building of Private and Community Tree Farmers in Benin (Benin)

The Committee took note that the implementation of this pre-project, which was funded by the Government of USA, had mainly contributed to collect data with a view to developing a capacity-building project for private and community tree farmers in southern Benin. The future project, which will intend to contribute to the sustainable management of private forests in Benin for improving the living conditions of local populations, was not formally submitted because Benin was not eligible to the 2023 ITTO project cycle due to the arrears of contribution to the ITTO administrative account.

The Secretariat informed the Committee that the Completion Report, Technical Reports and the Final Financial Audit Report had been delivered by the Executing Agency in accordance with the Pre-project Agreement. The Committee therefore decided to consider the pre-project PPD 201/21 Rev.1 (F) as completed.

8.3 Completed Biennial Work Programme-based Activities

1) **PP-A/54-331** **Enhancing Conservation and Sustainable Management of Teak Forests and Legal and Sustainable Wood Supply Chains in the Greater Mekong Sub-region**

The Committee took note that the project was developed based on the lessons from the evaluation of ITTO teak related projects, and it received financial support from the German Federal Ministry of Food and Agriculture (BMEL). The project had assisted governments, local communities, and smallholders in enhancing natural and plantation teak forest management, production and marketing. The project's effort had contributed to the establishment of legal and sustainable wood supply chains and the improvement of the livelihoods of local communities as well as regional cooperation for sustainable development of the teak forest sector in the region.

The Regional Project Leader, Prof. Yongyut (Kasertsat University, Thailand), made a presentation summarizing the key achievements of this BWP-based Activity. His highlights include the following:

- Conservation of teak genetic resources by improving seed production areas and trials in Laos, Myanmar, and Thailand. It also established demonstration plots for sustainable forest management and silvicultural systems in the five countries.
- Field training programs strengthened community-based teak forest management and agroforestry systems in all participating countries. Additionally, two teak value chain analyses in Thailand and Vietnam enhanced smallholders' access to capital and market information for primary processing industries.
- Enhanced regional and international collaboration through webinars, workshops, and participation in the 4th World Teak Conference. A special "ITTO Teak in Mekong Session" was organized during the conference, releasing a comprehensive book titled "Teak in Mekong for a Sustainable Future," authored by experts from participating countries and invited scientists.

The Delegation of Togo inquired about the wood properties and qualities of teak harvested in short-rotation cycles such as 20-25 years versus long-rotation cycles. The Secretariat noted ongoing research on the quality of short-rotation teak wood and highlighted the potential for teak plantation owners to diversify rotation cycles based on market demand. The Delegation of India highlighted the need to promote both short and long rotation cycles to meet the growing demands of the domestic market, including for furniture and construction purposes. He underscored ITTO's roles in promoting quality timber production from teak plantations through the selection of quality clones.

The Delegation of Germany stressed the importance of ongoing discussions on better understanding of teak markets such as German markets for high quality teak products. The Delegation of Cambodia thanked Germany for financing the teak project, and pointed out that a pilot case for intensive teak cultivation is underway in his country and highlighted the need to provide supporting financial mechanisms for smallholders adopting extended rotation cycles for quality timber production.

The Committee noted that all requirements for the completion of this BWP-based Activity have been met in accordance with the rules and procedures of ITTO. The Committee therefore decided to consider the BWP-based Activity PP-A/54-331 as completed.

2) **PP-A/56-341A** **Support for Women's Groups with the Restoration of Forest Landscapes in the Prefectures of Blitta and Lacs, Togo - Phase II**

The Committee took note that the implementation of this BWP-based Activity, which was funded by Soka Gakkai of Japan, had mainly contributed to consolidating and sustaining the support to women's groups in two of Togo's poorest Prefectures of Blitta and Lacs, where forest restoration and enrichment planting have taken place during Phase I on identified plots made available by the chieftaincy of two villages (Agouegan village of Lacs Prefecture and Pagala-gare village of Blitta Prefecture). It specifically contributed to improving food security, meet the needs in fuel energy and generate income from wood and non-wood forests products, including food crops derived from agroforestry activities, while empowering women groups involved in the implementation of the second phase of this BWP-based Activity.

The REFACOF representative, Ms. Rose Pelagie MASSO, made a presentation summarizing the main achievements and outcomes of this BWP-based Activity. Her presentation led to the comments made by the representative of UNFF congratulating the implementing team for sharing interesting lessons learnt on women

empowerment in the target area of Togo while warning that some income generating activities, such as the production of gari (process food derived from cassava) could be considered as a cause of deforestation. This inquiry was addressed by the representative of REFACOF who explained that women groups have been restoring forest lands already degraded by using modified taungya agroforestry system (combining trees with food crops in relation to the needs of local communities). It was supported by the Delegation of Cote d'Ivoire where a similar project is implemented by an association of women called MALEBI.

The Committee further noted that all requirements for the completion of this BWP-based Activity have been met in accordance with the rules and procedures of ITTO. The Committee therefore decided to consider the BWP-based Activity PP-A/56-341A as completed.

Item 9 - Ex-post Evaluations

(C) Ex-post Evaluation Reports

[Document CRF(LVII)/5]

The Joint Session of Committees considered this item. The Committees recalled that a thematic group evaluation of FLR projects was carried out by one consultant [Ms. Suneetha Subramanian, United Nations University Institute for the Advanced Study of Sustainability (UNU-IAS)] to assess the achievements of selected 14 completed and on-going ITTO projects in FLR. The focus of this evaluation was to assess the impacts of integrating gender perspectives, particularly the empowerment of women in these ITTO projects in relation to the ITTO Guidelines for Forest Landscape Restoration in the Tropics and the ITTO Policy Guidelines on Gender Equality and Empowering Women.

The consultant made presentation on the outcome of the assessment of selected ITTO FLR projects. She highlighted the Policy Report titled "Advancing Forest Landscape Restoration in the Tropics: Experiences and Lessons for Socio-Ecological Resilience and Empowerment of Women in the ITTO Projects". Her highlights include the following: Project success relies on embracing local perspectives and inclusive approaches, prioritizing community wellbeing in forest restoration. All initiatives adapt interventions to suit local contexts, evident in extensive consultations with diverse stakeholders. However, only four projects go further by integrating gender-sensitive strategies. This includes training women in activities like tree nursery development, identifying product opportunities, and involving them in monitoring forest landscape restoration efforts.

The Committees took note of the report of the assessment of 14 selected FLR projects contained in document CRF(LVII)/5 and commended the excellent work of the consultant in synthesizing the results of the selected projects and publishing the policy report. The importance of empowerment of local communities and women in forest landscape restoration was highlighted by the Chairperson of the Joint Session of Committees.

(D) Selection of Projects for Ex-post Evaluations 2024

The Secretariat recalled the Committee that, at its last Session, some projects in the shortlist of ex-post evaluations 2022-2023, as contained in Document CRF(LV)/5, including three completed projects dealing with forest landscape restoration (FLR) in African ITTO member countries, had been subject to ex-post evaluation, for information sharing purpose during the Eighth Tokyo International Conference for African Development (TICAD-8) which was held in Tunisia, on 27-28 August 2022.

The planning of the ex-post evaluation, in 2024, will give the priority to the Thematic Group Evaluation on Forest Rehabilitation / Landscape Restoration / Secondary Forest Management, excluding the three completed FLR-related projects already assessed within the framework of the abovementioned ex-post evaluation for TICAD-8, as well as those assessed on impacts integrating gender aspects with FLR. In addition to the abovementioned remaining projects under the FLR thematic group for ex-post evaluation, it is planned for 2024 to carry out the ex-post evaluation of the two completed forest fires projects implemented in Indonesia and Peru:

- Capacity Building on Forest and Land Fire Management in Indonesia (PP-A/56-340-1),
- Forest Fire Prevention and Response in Tropical Forests and Forest Plantations in Peru (PP-A/56-340-2).

The Committee also took note that the selection of projects for ex-post evaluations for the years 2025-2026 will be presented to the Committee during its 58th Session in 2024, where the thematic groups for evaluations will be determined for consideration by the Committee.

Item 10 – Review of Projects, Pre-projects and Special Biennial Work Programme-based Activities in Progress

[Document CRF(LVII)/3]

The Committee was informed that the Secretariat's report and the Committee's discussion were limited to the following projects, pre-projects and activities in order to expedite proceedings, in accordance with the Section VI of Annex A to Decision 4(XXV):

- Those having implementation problems;
- Those requiring additional funds;
- Those requesting extension of more than six months beyond the original duration; or
- Those requesting essential major modifications of the work plan and budget.

10.1 Projects

The Committee took note of the status of projects that had been approved by the Council, as contained in Document CRF(LVII)/3, categorized as: (A) projects under implementation (eight projects); (B) projects awaiting implementation agreement (five projects) and (C) projects awaiting financing (nine projects).

(A) Projects under implementation

The Chairperson informed the Committee that 8 projects are currently under implementation, as contained in Document CRF(LVII)/3. The Chairperson informed the Committee that the Secretariat used to report some projects having implementation problems. In line with this, the Committee was updated on the following projects:

PD 452/07 Rev.5 (F) Sustainable Management of Production Forests at the Commercial Scale in the Brazilian Amazon – Phase II (Brazil)

The Secretariat reported to the Committee that this project has been implemented by Embrapa Amazônia Oriental (EMBRAPA), Belém, Pará State, Brazil. The project has consolidated Tools for Sustainable Forest Management (SFM Tools) and built capacity of training centres and universities of the Amazon region to transfer the SFM Tools for responsible forest management. The project has expanded partnerships with regional initiatives to promote sustainable timber production. Collaborations now include the Observatory of Community and Family Forest Management and the Amazon Forest Forum, a coalition of more than 40 members, including private companies, research institutions, associations, cooperatives, and indigenous representatives. The Secretariat presented a project video entitled "Our Sustainable Forests for A Sustainable Future".

The Committee noted the importance of the empowerment of local community in forest management and encouraged the successful completion of the project early next year.

PD 836/17 Rev.2 (F) Enhancing Capacity of Local Communities and Forest Administration to Effectively Implement Community Forestry Programme (CFP) in Kratie and Monduliri Provinces of Cambodia (Cambodia)

The Secretariat informed the Committee that the Executing Agency has focused on enhancing the capacity of local communities and the Forest Administration to effectively implement CFP in Kratie and Monduliri provinces, rich in forest resources but face the challenges of the highest deforestation rate. The expected outputs of the project are: i) improvement of the capacity of local communities and forest administration in forest management planning, ii) promotion of the capacity of local communities to operationalize approved forest management plans, and iii) improvement of the capacity of Forest Administration in monitoring and reporting of forest operations by individual Community Forestry Management Units (CFMUs).

The Delegation of Cambodia expressed its appreciation to the donors: the Republic of Korea, Japan and the USA and informed the Committee that the Forestry Administration has been committed to enhancing the promotion of community forestry programmes through the country and the development of CFP guidelines by the project is leveraging the advancement of the national community forestry program.

The Committee noted the importance of the empowerment of local community in forest management and encouraged the effective and successful implementation of the project.

PD 902/19 Rev.3 (F) Management of Upper Baram Forest Area for Conservation and Sustainable Development with Involvement of Local Communities, Upper Baram, Sarawak, Malaysia (Malaysia)

The Secretariat reported to the Committee that the final project document was approved in October 2022 through the online no-objection procedure and the project secured financing from the following donors: Japan, City of Basel, Switzerland, the Bruno Manser Funds (BMF) and Unearmarked. Subsequently, the project agreement governing the implementation of the project was duly signed in March 2023 and the Executing Agency initiated project activities in September 2023. The first PSC meeting was held in late September with extended participation of stakeholders from the target local communities and discussed ways to improve the effective participation of PSC members to govern the implementation of the project. In October 2023, the Secretariat received a letter from the BMF regarding their concerns about the core content, governance, civil society involvement and forest certification in the UBFA project.

The Delegation of Malaysia emphasized the significance of the UBFA project for Sarawak, highlighting its role in promoting models for multipurpose management of forest resources with active engagement of local communities. The Forest Department Sarawak is fully committed to the efficient and successful implementation of the project and looks forward to the productive progress in implementing project activities. However, the success of the project is subject to the full cooperation of all partners, including the donors.

Recognizing the importance of stakeholder involvement, the Committee urged enhanced consultation among all partners involved in the UBFA project to promote the Upper Baram Forest Area's conservation and development.

(B) Projects awaiting implementation agreement

1) PD 916/21 Rev.2 (F) Pilot Sustainable Management Systems for Secondary Natural Forests in the Collective Afro-descendant Community Territory of the Bajo Calima Community Council, Municipality of Buenaventura, Colombia (Colombia)

The Secretariat reported to the Committee on the progress made in the process for establishing the project agreement as follows:

- The Committee was recalled that this project was partially financed with an amount of US\$200,000, thanks to the generous contribution of Japan during the inter-session period between ITTC 58 and ITTC 59, in addition to the amount of US\$250,000 already secured from the USA in two tranches (US\$150,000 at ITTC 57 and US\$100,000 at ITTC 58). As the project was still considered as partially funded, with the amount of US\$450,000 out of US\$578,185, it was revised to reduce the ITTO budget to the secured total amount of US\$450,000 by appropriately adjusting planned project activities.
- The Committee was informed that the revised project was approved through the electronic time-bound approval system in March 2023, for its implementation in two stages as follows:
 - Stage 1 of 12 months with the ITTO budget of US\$200,000 from the Japan's supplementary budget (with the compulsory pre-condition/requirement allowing to use the funds of the Japan's supplementary budget within a maximum period not exceeding 12 months until March 2024),
 - Stage 2 of 12 months with the ITTO budget of US\$250,000 from the USA contribution through ITTO project regular cycle.
- The Committee was also informed that the draft project agreement, which shall regulate the implementation of this project, was sent to the Colombian project contracting parties, in April 2023, for review and signature. The signing process of the project agreement has been delayed, since April until October 2023, because of the long internal procedure among Colombian project contracting parties.
- The Committee was further informed that after several months of delay, the project executing agency (University of Tolima) sent an e-mail message, on 5 October 2023, to inform all contracting parties that it is impossible to implement the Stage 1 during the remaining 6 months (until March 2024) as required for the Japan emergency funds. Subsequently to this message sent by the University of Tolima, a virtual meeting was convened on 18 October 2023 for the assessment of the situation by all project contracting parties. It

was recommended that the Government of Colombia should directly interact with the Government of Japan, through diplomatic channel. The conclusion of their discussion could be shared with the Secretariat, in due time, so that the Secretariat should inform both project donors (Japan and USA), for the purpose of getting appropriate advice/guidance.

The Delegation of Colombia thanked Japan and the USA for their financial contribution to this project, as well the Secretariat for its efforts of mediation on the signing process of the agreement which shall govern the implementation of this project. She reiterated the importance of this project for its expected impacts in relation to gender issues and support to afro-descendant communities living in the project target area of Colombia. The Ministry of Foreign Affairs of Colombia is interacting with Colombian project contracting parties for an appropriate solution to the problem delaying the completion of the signing of the project agreement.

The Chairperson encouraged ITTO to continue the mediation after receiving the results of the ongoing discussion among Colombian project contracting parties on the signing process of the agreement which shall govern the implementation of the project PD 916/21 Rev.2 (F).

2) PD 927/22 Rev.2 (F) Development of an Information System on the Potential of Wood and Carbon to Support Sustainable Forest Management in South Kalimantan, Indonesia (Indonesia)

The Secretariat informed the Committee that the project, originated from the concept note (CN-21002/CN-523), obtained approval through the online no-objection procedures in August 2023. The project aims to enhance the planning and monitoring sustainable forest management practices in South Kalimantan, Indonesia. Currently, the Ministry of Environment and Forestry is in the process of reviewing the draft project agreement.

The Committee urged the Executing Agency to expedite the speedy conclusion of the signing of the project agreement for the prompt commencement of the project.

3) PD 931/23 (F) Promoting SFM and Local Wood Consumption through Capacity Building and Improving Regulation in the North Zone, Costa Rica (Costa Rica)

The Secretariat reported to the Committee on the progress made in the process for establishing the project agreement as follows:

- The Committee was informed that this project, which is derived from the Concept Note CN-21005 after the expression of interest of Korea in financing it at ITTC 58 in November 2022, was approved through the electronic time-bound system, as the Secretariat did not receive any objection from ITTO Members by 7 August 2023.
- The Committee was also informed that the project agreement, which shall regulate the implementation of this project, was duly signed by all parties in November 2023. The first installment, which is required for the commencement of the project implementation, will be disbursed by the Secretariat upon receipt of an acceptable Inception Report associated with a Detailed Work Plan.

The Delegation of Colombia thanked the Government of Korea for the financial contribution to this project, as well Secretariat for its support and guidance during the conversion of the concept note into a project proposal. He informed the Committee that the project agreement was symbolically signed by the President of Costa Rica during his visit of the project target area on the border with Nicaragua to show the political support to this project which will contribute to support local communities in their efforts for implementing good SFM practices as forest smallholders.

The Committee urged the Executing Agency to expedite the submission of an acceptable Inception Report and associated Detailed Work Plan required for the disbursement of the first installment needed for the commencement of the project implementation.

4) PD 932/23 (F) Assessment and Dissemination of Knowledge and Experience for Ex-Situ Conservation and Plantation of Caoba in Northern Coastal Area, Peru (Peru)

The Secretariat reported to the Committee on the progress made in the process for establishing the project agreement as follows:

- This Committee was informed that this project, which is derived from the Concept Note CN-22014 after the expression of interest of Korea in financing it at ITTC 58 in November 2022, was approved through the electronic time-bound system, as the Secretariat did not receive any objection from ITTO Members by 7 August 2023.
- The project agreement, which shall regulate the implementation of this project, was duly signed by all parties in November 2023. The first instalment, which is required for the commencement of the project implementation, will be disbursed by the Secretariat after the review of the Inception Report associated with a Detailed Work Plan submitted by the project Executing Agency.

The Committee took note that the project could commence its implementation after the disbursement of the first installment by the Secretariat

5) PD 934/23 Rev.1 (F) Strengthening the Conservation of the Critically Endangered Rosewood (Dalbergia spp.) in Dakrong Nature Reserve and Dong Nai Conservation Landscape, Vietnam (Vietnam)

The Secretariat informed the Committee that the project, originated from the concept note (CN-21007), received approval through the online no-objection procedures in October 2023. The project aims to enhance the long-term conservation of the threatened rosewood species in Vietnam through active engagement of local communities. Currently, the draft project agreement is being reviewed by the relevant authorities in the country.

The Committee urged the Executing Agency to expedite early completion of the signing of the project agreement for the prompt commencement of the project.

(C) Projects awaiting financing

The Committee noted that the following nine projects approved at earlier and current sessions were still awaiting funding, out of which five projects with an asterisk (*) will be sunset between the 57th and 58th CRF Sessions if funding is not made available.

- 1) PD 712/13 Rev.3 (F) Enhancing the Implementation of Landscape Management of Giam Siak Kecil-Bukit Batu Biosphere Reserve (GSK-BR) in Riau Province of Sumatra Island, Sumatra - Phase II (Indonesia) [\$248,154.00]
- 2) *PD 765/14 Rev.4 (F) Development of A Forest Landscape Restoration Program for Guatemala Based on ITTO Guidelines – Phase II (Guatemala) [\$351,944.00]
- 3) PD 808/16 Rev.5 (F) Conservation of African Barwood (Pterocarpus Erinaceus Poir) in the Gazetted Forests of La Palee and Boundiali in Northern Côte d'Ivoire with the Participation of Local Communities – Phase II (Côte d'Ivoire) [\$246,488.00]
- 4) *PD 903/19 Rev.2 (F) Management of Sungai Menyang Conservation Area for Orangutan Protection and Uplifting Community Livelihood, Sarawak, Malaysia (Malaysia) [Partial funding \$121,903.50] [\$509,040.00]
- 5) PD 905/19 Rev.3 (F) Providing Support for the Sustainable Management of the Fosse-aux-Lions Gazetted Forest in the Savanna Region in Togo - Phase II (Togo) [\$282,624.16]
- 6) *PD 915/21 Rev.2 (F) Strengthening the Rehabilitation and Sustainable Management of Sacred Forests in Ramsar Sites 1017 and 1018 in Benin (Benin) [\$512,402.00]
- 7) *PD 921/21 Rev.2 (F) Support for the Conservation and Promotion of Forest Tree Seeds in Benin (Benin) [\$447,072.00]

- 8) PD 925/22 Rev.2 (F) Support to the Local Communities of the Mono Plain for the Promotion and Sustainable Management of Community Forests in Togo (Togo) [\$591,808.00]
- 9) *PD 929/22 Rev.1 (F) Developing Silvicultural Management Models for Forest Restoration Based on the Use of Seed Trees for the Establishment of Natural and Artificial Regeneration in the Province of Tahuamanu, Peru (Peru) [\$1,061,040.00]

10.2 Pre-projects

The Committee took note of the status of approved pre-projects, as contained in Document CRF(LVII)/3.

(A) Pre-projects under implementation

None.

(B) Pre-projects awaiting implementation agreement

None.

(C) Pre-projects awaiting financing

The Committee noted that one pre-project was still awaiting funding. This pre-project will become sunset between the 57th and 59th CRF Sessions.

- 1) PPD 203/23 Rev.1 (F) Support for the Promotion and Sustainable Management of Community Forests in the Oti Plain, Togo (Togo) [\$117,712.00]

10.3 Biennial Work Programme-based Activities

The Chairperson informed the Committee that six activities are listed under Biennial Work Programme-based Activities and the progress of these activities are reported in Document CRF(LVII)/3. The Committee was updated on the following activities:

PP-A/54-331A Promoting Quality Timber Production in Smallholders and Community-based Teak and Other Valuable Species Plantations in the Tropics

The Secretariat informed the Committee that this project originated from the concept note (CN-23026) and received financing of US\$1,413,449 from the German Federal Ministry of Food and Agriculture (BMEL) in August 2023. The project aims to significantly improve the production of high-quality timber from teak and other valuable species plantations established by smallholders and communities in the Asia-Pacific and West Africa. The implementation of project activities began in early November 2023.

The Regional Project Leader (Prof. Yongyut, Kasertsat University, Thailand) made a presentation on the structure and implementation of the project. The project collaborating partners include Cambodia Forestry Administration, Thailand Royal Forestry Department and Kasetsart University, Vietnamese Academy of Forest Sciences, Indian Council of Forestry Research & Education in Dehradun, Indonesia Ministry of Environment and Forestry as well as University of Lomé, Togo in West Africa. Key activities include promoting financial schemes that invest in high-quality teak production with long rotations and provide access to voluntary carbon markets. Leveraging carbon credit markets would provide additional incentives and support the global effort on climate change mitigation.

The Committee recommended the efficient and successful implementation of the project and facilitation of regional and international cooperation for sustainable smallholder plantations.

PP-A/59-351

Community-Based Restoration of Cyclone-Affected Vulnerable Mangrove Forests through the Empowerment of Coastal Communities and Women in the Rewa Delta, Fiji

The Secretariat reported to the Committee that this project was developed in early 2023 with the support of the Japan Emergency Budget Programme. It builds on the successful completion of PD 696/13 Rev.2 (F) "Community Based Restoration and Sustainable Management of Vulnerable Forests of the Rewa Delta, Fiji", which significantly contributed to the restoration of degraded mangrove ecosystems in the Rewa Delta. The project agreement was signed in June 2023 by ITTO and the Ministry of Fisheries and Forestry in Fiji. The Secretariat awaits a proposal for the selection of a project leader, along with a detailed workplan for the speedy commencement of the project.

The Delegation of Fiji informed the Committee that the Executing Agency has faced the problem of securing a capable project leader. Despite two unsuccessful attempts in filing the vacancy for this position, efforts are accelerating to quickly appoint a project leader. Project activities will commence promptly, utilizing the same project sites and stakeholders as PD 696/13 Rev.2 (F).

The Committee urged the Executing Agency to expedite the appointment of a project leader along with the submission of a detailed Work Plan required for the disbursement of the first installment for the commencement of the project.

PP-A/59-352

Community Empowerment in Forest Management and Forest Landscape Restoration in Upper Baram, Sarawak, Malaysia

The Secretariat informed the Committee that, together with PD 902/19 Rev.3 (F), this project has been implemented by the Forest Department Sarawak since September this year. The Executing Agency has initiated collaboration with partners to promote community empowerment in forest management and forest landscape restoration within the Upper Baram Forest Area, Sarawak, Malaysia.

The Delegation of Malaysia informed the Committee that the progress of the project is on track with collective efforts. Current project activities mainly focus on improving the livelihoods of local communities to reduce their vulnerability to natural disasters in the project areas. Additionally, efforts are underway to prepare a detailed concept note to organize an Asia-Pacific Regional Conference on FLR in summer 2024 in Sarawak.

The Committee encouraged the Executing Agency to effectively carry out all project activities with active engagement of the target local communities for the success of the project.

Item 11 - Biennial Work Programme of the Committee for 2024-2025

The Committee noted that the strategic policy activities of the Committee for 2024-2025 are presented in the draft ITTO Biennial Work Programme (BWP) for 2024-2025 and will be reviewed by the Chairperson's Open-ended Drafting Group.

Regarding Activity 5 under Group 1 (Field-oriented Activities with engagement of work in Member countries) of the draft BWP for 2024-2025, the Secretariat made a presentation on the purpose of seeking additional funds, which will be used for holding two regional workshops to disseminate the 2016 ITTO Criteria and Indicators (C&I) for Sustainable Forest Management (SFM) revised for adaption to African context. The e-version in English which is posted on the ITTO website as Policy Series 26 titled "*ITTO criteria and indicators for the sustainable management of African tropical forests*". He recalled that the first set of ITTO C&I for SFM was approved by its Council in 1991 and presented at the Rio de Janeiro Summit in 1992. It was followed by other international C&I Processes (Pan-European Process for temperate forests, Montreal Process for boreal forests, etc.).

The Committee recommended the continued leadership of ITTO in promoting C&I for SFM in partnership with other international C&I processes.

Item 12 - Election of Chairperson and Vice-Chairperson for 2024

Mr. Jorge Mario Rodríguez (Costa Rica) was elected as the Chairperson of the CRF for 2024. The Vice-Chairperson of the Committee for 2024 will be announced by the Consumer Caucus at a later date.

Item 13 - Dates and Venues of the Fifty-eighth and Fifty-ninth Sessions of the Committee

The Fifty-eighth Session of the Committee will be held in conjunction with the Sixtieth Session of the International Tropical Timber Council in 2024.

The Fifty-ninth Session of the Committee will be held in conjunction with the Sixty-first Session of the International Tropical Timber Council in 2025.

Item 14 - Other Business

The Committee expressed its gratitude to Dr. Hwan-ok Ma of the Secretariat for his dedicated 27 years of service for the Forest Management Division in promoting the conservation, restoration and sustainable management of tropical forests. Dr. Ma said it has been his honor to serve and collaborate with so many passionate people around the world. He thanked his colleagues in the Secretariat for their support and wished the Committee continued success in its endeavors.

Item 15 - Recommendations to the International Tropical Timber Council

- (A) The Committee recommended that funding be made immediately available for the following projects approved under the Project Cycle 2023:

Project(s)

PD 925/22 Rev.2 (F)	Support to the Local Communities of the Mono Plain for the Promotion and Sustainable Management of Community Forests in Togo [ITTO Budget: US\$ 591,808]
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Pre-projects

PPD 203/23 Rev.1 (F)	Support for the Promotion and Sustainable Management of Community Forests in the Oti Plain, Togo [ITTO Budget: US\$ 117,712]
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- (B) The Committee endorsed the 2024-2025 Programme Document for the ITTO-CBD Collaborative Initiative for Tropical Biodiversity Forests [Document CRF(LVII)/4] to enhance biodiversity conservation in tropical forests with the direct participation of local stakeholders.

Item 16 - Report of the Session

The Committee accepted this Report for submission to the Council.

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**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

**COMMITTEE ON
FINANCE AND ADMINISTRATION**

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13 - 17 November 2023
Pattaya, Thailand

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

**THIRTY-EIGHTH SESSION OF THE
COMMITTEE ON FINANCE AND ADMINISTRATION**

Item 1: Opening of the Session

1. The Executive Director explained prior to the meeting being opened that no nomination had been received for Vice-Chairperson of the Committee on Finance and Administration (CFA). Just before the Council session, the Secretariat received a nomination from the producers for CFA Chairperson but the designate had been unable to attend the session. Therefore, the Secretariat had asked Mr. Bjorn Merzell (Sweden), who had been CFA Chairperson at the 58th Session of the Council last year, whether he would kindly agree to chair the current session given the lack of committee office-bearers. Mr. Merzell agreed to chair the CFA for this session to enable it to fulfil its mandate, for which the Executive Director expressed her gratitude. The Committee welcomed Mr. Merzell as Chairperson for the session with applause.
2. Mr. Merzell welcomed all delegates to the Thirty-eighth Session of the Committee.

Item 2: Adoption of Agenda and Organization of Work

3. The Chairperson referred to the Provisional Agenda, as contained in Document CFA(XXXVIII)/1. He opened the floor for comments. As no issues were raised, the Committee adopted the Provisional Agenda.
4. The Chairperson proposed that the Committee take up the agenda items as listed in the Provisional Agenda. He said the Council had delegated the CFA to hold deliberations on Council agenda item 10 (on the recommendations of the Working Group on the Administrative Account) and suggested that this could be discussed after agenda item 8 of the CFA as item 8-*bis*. The Committee accepted this approach.

Item 3: Admission of Observers

5. No applicants had been received by the deadline of 20 October, as shown in Document ITTC(LIX)/Info.4. However, the Chairperson noted that two new observers (the Asian Forest Cooperation Organization – AFoCO and the Regional Community Forestry Training Center for Asia and the Pacific – RECOFTC), who had submitted their applications after the deadline, had been accepted as observers during the Council Session. The Chairperson advised the Committee that the Council had admitted all applicants, as shown in Document ITTC(LIX)/Info.3, which listed states, inter-governmental and non-governmental organizations applying for observer status. This was accepted by the Committee.

Item 4: Draft Biennial Administrative Budget for the Years 2024 and 2025

6. The Secretariat referred to the Draft Administrative Budget for the 2024-2025 Financial Biennium, as contained in Document CFA(XXXVIII)/2 dated 31 July 2023, which was circulated to Members in early August 2023.
7. The Secretariat informed the Committee that the 2024–2025 biennium budget had been constructed using the United Nations official exchange rate for July 2023 of US\$1 = Yen 138.89 and that the exchange rate would not be revised at the time when the Committee considered the budget, in accordance with the Council decision at its Forty-fourth Session.
8. The Secretariat reported that the total budget for 2024 was estimated at US\$7,104,228, which was a decrease of US\$67 compared with the approved budget for 2023. The total budget for 2025 was estimated at US\$7,104,278, which was a decrease of US\$17 compared to the approved budget for 2023. As such, there was no nominal increase in the overall 2024–2025 budget compared with the approved budget for the 2022–2023 biennium. However, as in previous years, no contingency had been included in the proposed Administrative Budget for the financial years 2024 and 2025 and, hence, unexpected shortfalls in the budget, such as exchange-rate fluctuations, non-payment of assessed contributions by members, inflation and unforeseen personnel change, might need to be financed from the Working Capital Reserve (WCR).
9. As per the above, the “Basic Administrative Costs” for the 2024–2025 biennium indicated a decrease of US\$100,067 in 2024 and a decrease of US\$100,017 in 2025 compared with the budget of 2023. The change was due mainly to the difference in exchange rate between the rate used for the next biennium and the rate applied in 2023. There were no increases under Category A on salaries and benefits, but two professional-level positions were added to the staff using the Programme Support budget to increase capacity for future

programme planning and management, bearing in mind the new areas of work envisaged under current efforts by the Secretariat and as envisioned in the ITTO Strategic Action Plan 2022–2026. Furthermore, the job functions of the Planning, Monitoring and Evaluation Officer and the Finance/Administrative Officer had been dispersed between several positions, including the two proposed new positions, to streamline operations and improve efficiency.

10. The “Core Operational Costs” for the 2024–2025 biennium indicated an increase of US\$100,000 each in 2024 and 2025 compared to the budget of 2023, due mainly to efforts to increase/enhance outreach activities and increased support for the ITTO Market Information Service and the Market Discussions held during Council sessions.

11. The Secretariat informed the Committee that the assessed contributions of Members for the 2024–2025 biennium are attached as Annex III.

12. As there were no comments from the floor, the Committee approved the Administrative Budget for the 2024-2025 Financial Biennium, as contained in Document CFA(XXXVIII)/2 Rev.1.

Item 5: Review of Contributions to the Administrative Budgets

13. Document CFA(XXXVIII)/3 dated 11 October 2023 detailed the status of members’ contributions to the Administrative Budgets for the financial years from 1986 to 11 October 2023, including assessments, receipts, interest charges, and arrearages in contributions. In 2023, \$1,459,511 had been received from producer members out of the total net assessment of \$3,371,857, and \$3,656,745 had been received from consumer members out of the net assessed amount of \$3,801,791.

14. The arrearages in contributions to previous years’ budgets from producer members amounted to \$7,929,773 and arrearages from consumer members amounted to \$605,125. The amount outstanding from this year’s assessment was \$1,912,345.87 for producer members and \$145,046 for consumer members. Furthermore, arrearages in contributions from former members of the Organization amounted to \$1,707,005.72, bringing the total outstanding arrearages to \$12,299,295.59.

15. The delegate of the European Union (EU) asked whether the assessed contributions paid in advance for year 2024 were included in the document. The Executive Director explained that the receipt of any assessed contributions received in advance are recorded as received, but those resources would only be used for expenditure in 2024 and not in Document CFA(XVIII)/3. All contributions received in 2023 would be credited to the Administrative Budget of 2023, while contributions received in advance would be credited to the budget for 2024. The Chairperson further clarified that payments made in advance for 2024 were not reflected in the budget for 2023.

16. The delegate of Peru noted that while the total budget for 2023 was \$7 million, the contributions received for the same year amounted to \$5 million. He sought explanation from the Secretariat on how the \$2 million shortfall had been accommodated. The Executive Director responded that, due to the shortfall, certain activities could not be conducted, but the Secretariat had endeavoured to accommodate some activities under other headings to carry out as much as possible. She expressed regret that the Organization was unable to be as proactive as it desired and that some staff positions could not be filled due to the shortfall.

17. The delegate of Costa Rica expressed concern that restrictions on timber and agricultural products imposed on Costa Rica by certain policies, especially from the EU, meant that less funding was available for projects to develop capacities and technologies. He appealed to the Committee that even small projects would greatly benefit indigenous communities. He emphasized that more financial support for ITTO projects was needed to enable the Organization to do better work. He noted that, through such projects, producers would be helping not only their own countries but the entire planet.

18. Noting the recent decreasing trend of the Organization’s project funding, the Chairperson thanked the distinguished delegate of Costa Rica for raising this issue, although it was not directly related to the agenda item.

19. The Committee took note of the above document.

Item 6: Current Status of the Administrative Account

20. The Secretariat introduced Document CFA(XXXVIII)/4, which detailed the status of the Administrative Account, together with estimated expenditures for the current year and new disclosures required under the Financial Rules on bid and tender processes, sole suppliers, bad-debt write-offs, approved banks and financial institutions, and matters related to the administration of the Administrative Account.

21. Document CFA(XXXVIII)/4, dated 11 October 2023, reports on the status of the Administrative Account for the financial year 2023, together with the estimated expenditure for the current year.

22. Section A of page 1 of the document shows that the estimated total expenditure for the financial year 2023 would amount to \$5,558,910.50. The total contributions received from both producer and consumer members amounted to \$5,116,255.71, and arrear payments received in 2023 amounted to \$1,092,510.06, as of the day of the report. Together with contributions expected to be paid by members before the end of 2023, it was anticipated that a surplus in the amount of \$649,855.27 would accrue in 2023. This amount would be credited to the WCR. The assessed contribution collection rate for year 2023 was 71.32% of the total assessment of \$7,173,648.

23. Section B shows that the current year's arrears in contributions amounted to \$2,057,391.87. Total arrears for the period 1986–2022 amounted to \$7,929,773 for producer members, \$605,125 for consumer members, and \$1,707,005.72 for former members. The interest charges on these arrears in contributions amounted to \$46,377.14. Total outstanding contributions to the Administrative Account, including interest charges, amounted to \$12,345,672.73.

24. Section C shows the Special Reserve Fund of \$2,500,000, which was to be utilized only on Council approval in the event of liquidation of the Organization.

25. Section D shows that the resources of the WCR were estimated to increase from the year's opening balance of \$7,721,032.36 at the beginning of 2023 to \$8,330,768.99 by the end of 2023.

26. Section E shows an interest income balance of \$228,299.54, which was to be used by the Executive Director for hiring consultants in accordance with the Financial Rules, Rule 5(10). The document also contains details of expenditure for each budget item and where savings were to be made.

27. Annex 1 contains information required by the Financial Rules to be brought to the attention of the CFA. This includes a list of procurement greater than \$100,000; sole suppliers; bad debts that were written off; and banks and financial institutions approved by the Council.

28. The delegate of Peru sought clarification from the Secretariat on page 1 of the document, where it said "as at 11 October 2023" under the title but, in the summary, showed the estimated balance of the WCR "as at 31 December 2023". The Secretariat explained that this was the projected surplus by the end of the year, including estimated expenses and any contributions that might be received until then, and that the projection had been made based on information available as of 11 October 2023.

29. The delegate of Costa Rica asked whether the provision for costs related to the retirement of two senior officers were reflected in the document. The Secretariat responded that the two senior officers would retire at the end of January 2024 and thus the provisions were in the 2024 budget and not the 2023 budget.

30. The Committee took note of the above document.

Item 7: Resources of the Special Account and the Bali Partnership Fund

31. Document CFA(XXXVIII)/5 dated 2 October 2023 on "Resources of the Special Account and the Bali Partnership Fund" captured the current balance of funds under the Special Account and the Bali Partnership Fund.

32. In accordance with the Terms of Reference of the CFA, as contained in Decision 7(LII), the CFA shall "review the assets and liabilities of the Organization and make recommendations to the Council on prudent asset and cash flow management and levels of reserves needed to carry out its work". Document

CFA(XXXVIII)/5 serves as a reference for reviewing the assets and liabilities of the Administrative Account, and this document was prepared as a reference to review the assets and liabilities of the Special Account and the Bali Partnership Fund.

33. The current balance of funds under the Special Account and the Bali Partnership Fund was \$15,788,581.08, of which \$11,635,879.64 were funds committed to specific projects and activities. The unearmarked funds and the Sub-account B of the Bali Partnership Fund, which had a balance of \$6,172.09, may be allocated to projects/activities by the Panel on Sub-Account B of the Bali Partnership Fund. The Panel normally convenes during the periods when the Council sessions are held. As recommended by the Informal Advisory Group, however, it was decided that the Panel would not convene at this session due to the account's low level of funding.

34. The Committee took note of the document.

Item 8: Auditor's Report for the Financial Year 2022

35. Document CFA(XXXVIII)/6 on the "Financial Reports Prepared in Accordance with ITTO Financial Rules and Procedures (Annex 4)" contained two reports required to be submitted by the ITTO Auditing Standard: The Executive Summary of ITTO's Financial Statements for the year ended 31 December 2022 prepared by the ITTO Management; and ITTO's Financial Statements for the year ended 31 December 2022, audited by the Independent Auditors.

36. The audit was carried out by Ernst & Young Japan, which was appointed by the Council in November 2017 to audit the accounts of the Organization for the financial year. It carried out the financial audit for the period ending 2022 in March–June 2023.

37. The audited financial statements provided information on the financial position and performance of ITTO for the fiscal year ended 31 December 2022 (FY2022).

38. For ITTO's project accounts in FY2022, new voluntary contribution pledges of \$4.0 million were announced at the Council session, and total project cost expenses during that period were \$4.5 million from projects mostly funded prior to FY2022. Total Administrative Account assessed contribution revenues were \$7.1 million, of which \$1.8 million was not received during FY2022 and was accounted for as assessed contributions receivable (arrears).

39. The Council adopted Decision 5(LIV) at its 54th Session in November 2018 on enhancing the Organization's financing architecture and fundraising. Additional fundraising approaches were to be piloted and new streamlined project cycles and programmed themes were to be developed from 2019, in accordance with this decision. Information on revenue and direct and indirect costs associated with implementing this pilot were reported in the financial statements. For calendar year 2022, total pledges of \$2,589,401 were made associated with implementing the pilot, and the total cost associated with implementing the pilot was \$285,195.

40. Other highlights included the following:

- The surplus for the FY2022 Statement of Financial Performance was \$1.6 million due to differences in the timing of recognizing revenue and expenses (i.e. the entire administrative budget is recognized as revenue in the year that the assessments are due. However, only expenses incurred during the same year are recognized as expenses from that year's budget).
- Project expenses increased by \$0.5 million between 2021 and 2022. This was mainly because of an easing of the impact of the COVID-19 pandemic, which enabled projects to make more progress in 2022 compared with the previous year.

41. Document CFA(XXXVIII)/CRP-1, "Management letter prepared by the independent auditors for ITTO management", comprises a letter submitted to the CFA meeting in accordance with the ITTO Auditing Standard and contains information on matters affecting the completeness or accuracy of the accounts and other matters that should be brought to the notice of the CFA that the auditors identified during their audit. No significant items were identified in ITTO's latest audit. The auditors provided their satisfactory opinion on ITTO's financial statements, noting that the financial statements were prepared in accordance with the International Public Sector Accounting Standards (IPSAS), with no material misstatements or issues.

42. As there were no comments from the floor, the Committee recommended to the Council that it approve the “Financial Reports Prepared in Accordance with ITTO Financial Rules and Procedures (Annex 4)” on the Accounts of the Organization for the financial year 2022, as contained in Document CFA(XXXVIII)/6.

Item 8-bis: Matters Related to Article 19 of the ITTA, 2006 on the Administrative Account

43. The Chairperson explained the provisions of the draft Council decision on this item and reminded delegates that the Council has requested the CFA to discuss these and to report back on its discussions. Questions remained on aspects of the draft decision, such as the abolition of certain provisions in a previous Council decision (Decision 3(XXXIII)) and whether priority for project funding should be given to those countries that paid their contributions on time. He said any amendments to the detail of the draft decision could be made during the Chairperson’s Open-ended Drafting Group.

44. The delegate of India said he felt the draft decision contained no clear incentive for countries with arrears and the proposal would not resolve the issue and might further complicate it. ITTO should be focusing on solving problems such as that presented by the new EU deforestation regulation (EUDR). In his view, there was no clear link between the proposal and the incentive of being able to submit project proposals. He further clarified that this provision of barring members with arrears from submitting project proposals should be deleted. Projects should be dealt with on their merits.

45. The delegate of the USA said the Council had requested that the Working Group devise some sort of incentive for countries in arrears, and this was the proposal it had put forward. He would like to hear whether India had other proposals.

46. The Chairperson said he would like to have a wide discussion on the proposal before reverting to the Council, and sought more views from CFA members.

47. The Chairperson agreed there was no guarantee that countries putting forward concept notes and project proposals would receive funding for those.

48. The producer spokesperson said producer members had exchanged ideas on other possible incentives for paying arrears and yearly contributions. The current proposal was welcomed, and it helped in reflecting on other possible long-term solutions. Allowing member countries that had paid arrears to present concept notes was intended to help those members, but there was no guarantee that the submitted proposals would be approved or receive financing. So, a country that decides to pay arrears and submits a proposal might be disappointed, given that no more than 10% of concept notes are approved and financed. Therefore, the proposed solution was not convincing or a good incentive. As the delegate of India had said, it could generate other problems because a country that pays arrears and presents a concept note that does not receive financing might react negatively.

49. The producer spokesperson said the producers had been exploring other win-win solutions. They were yet to develop a final proposal, but one idea was that countries that paid arrears of a certain number of years could be incentivized by receiving a percentage of these funds – perhaps 50% – as finance for projects. This was an idea worth exploring and a win-win solution, provided that it was allowable under administrative rules.

50. The Chairperson said the Secretariat would consider this idea and come back with an indication of whether such an approach would be allowable under the rules. He asked for other reactions to the proposal.

51. The delegate of Japan said she opposed the proposal to use project money to refinance arrears because the administrative and project accounts should be separate and separately accounted for. Projects were funded through voluntary contributions, and the administrative account was the obligation of members. Regarding the point made by the delegate of India that the draft decision would complicate matters and not offer an incentive, the delegate of Japan said this was the root cause of the issue because producers had said they were losing interest and engagement because they had lost their right to put forward project proposals because they were in arrears. The draft decision would enable such producers to re-engage and come back to ITTO. Moreover, it is not possible to finance all concept notes and project proposals – it is a competitive process and there are no guarantee. Financing depended on the quality of the proposal and should not be guaranteed.

52. The producer spokesperson thanked the delegate of Japan for her comments regarding the producers' proposal. Producers understood that the proposal might be difficult to implement from the point of view of administration and regulations, but it is an option that should be considered. It might require modification, and perhaps a trial period could be adopted to see if it worked. What was important was for the Organization to receive new money. The proposal was that 50% of the funds received from members to pay their arrears would go to the Administrative Account and 50% would go back to the countries in the form of project funding as an incentive. There was also a need to intensify contacts with countries to encourage them to pay their arrears. Strategies were needed to make direct contact with countries to convince them to pay their arrears because ultimately such payments are a political decision.

53. The Chairperson agreed that direct contact between the Secretariat and countries was important, and also that it is a political issue.

54. The delegate of India said the Organization was not primarily for funding projects, it was for solving problems. Producers were facing problems such as the EUDR and this was what the Organization should be addressing to facilitate producer countries in their trade. This would provide an incentive for producers to pay their arrears.

55. The Chairperson said he agreed that ITTO was there to help solve problems.

56. The delegate of New Zealand expressed concern about the proposed draft decision because it might create an incentive for some producers to not pay fees and then pay their arrears to benefit from the incentive, and it also penalized those producers that were paying their dues on time. She noted the comment from Japan and welcomed efforts to find a temporary solution, perhaps along the lines suggested by the producer spokesperson.

57. The delegate of the USA asked for clarification from the Secretariat on whether the arrangement proposed by the producers would legally be possible.

58. The Secretariat responded that it would be possible to use the Working Capital Reserve (WCR), which was at the disposal of members. Payments of arrearages were currently usable by the Secretariat in case of shortfalls in contributions. At the end of each biennium, however, any remaining funds from payment of arrearages would go into the WCR, and the Council has the option to decide on the use of WCR.

59. The delegate of the USA said he considered that the proposal would not be fair to those countries that always paid their assessed contributions on time. The idea did not strike him as a good one.

60. The Chairperson commented that there seemed to be hesitation among some countries towards the proposal from the producer spokesperson. He proposed establishing a contact group on the matter among interested producers and consumers, with him as chair, to enable a freer discussion.

61. The delegate of the EU said her delegation supported the proposal put forward by the Working Group in the draft decision. She noted the concerns of producer countries and echoed the concerns expressed by the delegates of Japan, New Zealand and the USA on the idea put forward by the producers. She supported the establishment of a contact group.

62. The delegate of India suggested thinking of other arrangements to support countries unable to pay their arrears and proposed that the Secretariat explore funding support for arrears outside the ITTO framework.

63. The Chairperson said the Council had had similar discussions previously, including on the possibility of countries making voluntary contributions to help countries pay their arrears, and other possibilities might exist. He noted that the EU supported convening a small contact group and asked for other feedback. Seeing nodding from delegates, he proposed that the contact group convene later in the day. He asked the Secretariat to clarify the reasoning behind the proposals in the draft decision to abolish provisions established in previous Council decisions (Decision 7(XXXIII), Annex 1, Part C).

64. The Secretariat said the proposal to abolish the indicated provision was because a similar clause existed in the ITTA, 2006. The indicated provision was part of a decision taken by the Council in 2002 before the ITTA, 2006 came into force, and its abolition would streamline the rules on write-offs and project submission eligibility. The Secretariat did not envisage any adverse effects due to this measure.

65. Later, the Chairperson reported to the Committee that the contact group had duly convened. Its fruitful discussions had started generally and then became more focused. It was able to find wording that was later discussed in the Chairperson's Open-ended Drafting Group, and the draft decision was finalized there.

Item 9: Updates to the Project Audit Framework

66. The Secretariat introduced Document CFA(XXXVIII)/7 dated 12 October 2023 on "Update to the Project Audit Framework".

67. At its 56th Session in November 2020, the Council approved a recommendation by the CFA to adopt the new project audit framework, as contained in Document CFA(XXXV)/7 Rev.1, for all future audits. Accordingly, the new audit standard was applied to all new applicable projects and activities from 2021, and ITTO had been collecting feedback from executing agencies and auditors on the effectiveness of the framework. The new framework brought reliability and efficiency to the audit procedures and was met with mostly positive feedback, although areas where further streamlining and improvements could be made were identified. An update to the project audit framework was developed and further reviewed by an independent audit firm for compliance with relevant international standards and effectiveness to detect material issues.

68. The main changes to the framework are contained in the financial statements reporting format. New notes had been added to collect additional information required for compatibility with the International Public Sector Accounting Standards (IPSAS) while simplifying the main financial report to one cashflow statement to streamline the process. The terms of reference for auditors and their reporting format was updated accordingly to reflect this change, and all these documents are annexed to this Committee document.

69. In addition, some improvements to the rules governing the framework are proposed in the document, including rules for the timing and frequency of annual and final audits to allow the use of Programme Support assigned to a particular project in cases where audit budgets are insufficient due to unforeseen circumstances.

70. The Committee considered the proposed updates to the project audit framework and recommend to the Council that it adopt and immediately implement the framework for all future project audits.

Item 10: Election of Chairperson and Vice-Chairperson for 2024

71. Mr. Pyoabalo Alaba (Togo) was elected Vice-Chairperson of the Committee for 2024. The consumer caucus will announce the Chairperson of the Committee for 2024 at a later date.

Item 11: Dates and Venue of the Thirty-ninth and Fortieth Sessions

72. The Committee agreed that its sessions may be held on the same dates and at the same venues as the Sixtieth and Sixty-first Sessions of the Council.

Item 12: Other Business

73. There was no other business discussed by the Committee.

Item 13: Recommendations to the International Tropical Timber Council

74. The following recommendations were provided by the Committee to the Council:

- 1) to approve the Biennial Administrative Budget for the financial years 2024 and 2025, as contained in Document CFA (XXXVIII)/2 Rev.1, in the amount of USD 7,104,228 and USD7,104,278, respectively;
- 2) to approve the Financial Reports prepared in accordance with ITTO Financial Rules and Procedures (Annex 4) for the financial year 2022, as contained in Document CFA(XXXVIII)/6;
- 3) to take note of the list of disclosures required by the Financial Rules, as contained in Annex 1 of Document CFA(XXXVIII)/4, and endorse the list of sole providers and approve the list of banks

- and financial institutions;
- 4) to adopt the updates to the project audit framework, as contained in Document CFA (XXXVIII)/7, and immediately implement the framework for all future project audits; and
 - 5) to take note of the deliberations held regarding “Matters related to Article 19 of the ITTA, 2006, on the Administrative Account”.

Item 14: Report of the Session

75. The Committee adopted this report.

ANNEX V

REPORT OF THE INFORMAL ADVISORY GROUP (IAG)

DOCUMENT: ITTC(LIX)/2



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

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Pattaya, Thailand

**REPORT OF THE INFORMAL ADVISORY GROUP (IAG)
AT ITS THIRTY-SEVENTH MEETING**

**2 November 2023
Virtual meeting**

**Thirty-seventh Meeting of the Informal Advisory Group (IAG)
Virtual Meeting, 2 November 2023**

Report of the Chairperson

1. The Thirty-seventh Meeting of the IAG was convened virtually on Thursday, 2 November 2023 at 7 pm (JST), chaired by Dr. Mohammed Nurudeen Iddrisu (Ghana), Chairperson of the Council. The meeting was attended by Mr. Samuel Doe (Ghana), Chairperson of the Committee on Economics, Statistics and Markets (CEM) and the Committee on Forest Industry (CFI); Mr. Jorge Malleux (Peru), Producer Spokesperson; Mr. Yasuyuki Kobayashi (Japan), Representative of the Host Government of the Headquarters; Ms. Sheam Satkuru, Executive Director (ED), and other observer colleagues from Japan, Ms. Yoko Yamoto, Mr. Hiroyuku Saito and Ms. Akiko Tabata and senior members of the Secretariat.
 2. The IAG was informed of the absence of Ms Anna Tyler (New Zealand), Consumer Spokesperson; Ms. Alicia Grimes (USA), Chairperson of the Committee Reforestation and Forest Management (CRF) and Mr. Preecha Ongprasert (Thailand), Representative of the Government hosting the session.
 3. The Chairperson invited the ED to introduce the meeting agenda to the IAG after welcoming them to the meeting.
 4. Following the ED's introduction to the agenda, The IAG considered and adopted the following agenda for discussion:
 - A. Brief background of the IAG
 - B. Update on preparations for ITTC 59
 - C. Status of Parties to the Agreement
 - D. Status of contributions to the Administrative Account
 - E. Filling positions of Council officers/bodies
 - F. Consideration of draft decisions/elements of decisions submitted pursuant to ITTC Decision 7(XXXIII):
 - Projects, Pre-Projects and Activities [Decision 1(LIX)]
 - Administrative budget for the 2024 and 2025 Financial Biennium [Decision 2(LIX)]
 - ITTO Biennial Work Programme for the Years 2024-2025 [Decision 3(LIX)]
 - Management of the administrative budget [Decision 4(LIX)]
 - Matters related to Article 44 of the ITTA, 2006 [Decision 5(LIX)]
 - Youth Advisory Group [Decision 6(LIX)]
 - G. Other matters
- A. Brief background of the IAG**
5. The Secretariat referred to Decision 2(LI) and the Report of the Informal Advisory Group (IAG) at its Thirty-sixth Meeting held virtually on 2 November 2022, as contained in document ITTC(LVIII)/2 dated 3 November 2022.
- B. Update on preparations for ITTC 59**
6. The Secretariat informed that documentation for the session was available on the ITTO website while they were still working on the programme of the opening session. The IAG was briefed on each agenda item for the 59th Session of the International Tropical Timber Council (ITTC), as follows.
 7. 1: Opening of the session. This will involve seven speakers—the Council Chair, Dr. Mohammed Nurudeen Iddrisu; the Deputy Minister of the Ministry of Lands and Natural Resources, Ghana; and four speakers from Thailand, comprising the Permanent Secretary of the Ministry of Natural Resources and Environment, the Mayor of Pattaya, the Governor of Chonburi Province, and the Director-General of the Thai Royal Forest Department; and Ms. Sheam Satkuru, ITTO Executive Director.
 8. 2: Ascertainment of the quorum. The Secretariat reminded the meeting that there had been problems obtaining quorum at previous Council sessions and this would likely be the case again at this session.

At present, 18 producer members were registered to attend and even if all those did attend, it would be insufficient to obtain producer quorum. Ten consumer members were registered to attend and another nine had delegated their votes to the EU or another EU country, and this is insufficient to obtain consumer quorum. The Secretariat noted that some other international organizations, in assessing whether quorum had been achieved, would do so based on members who are in good standing with the organization, but this was not the way ITTO traditionally calculates quorum, where all members are considered regardless of whether they had arrears/held votes. Changing the basis for calculating quorum to only consider members in good standing could be proposed for consideration by the Council since it would make it easier to attain quorum. The Secretariat noted that the ITTA, 2006, specifies that members should cover their own cost of attendance, but many (including some in good standing) were unable to attend for various reasons. The Council may wish to consider reforming the relevant rules in the context of the renegotiation of the International Tropical Timber Agreement (ITTA) 2006 to facilitate membership attendance and participation at ITTC sessions. The Secretariat reiterated that even if all members currently registered do attend, quorum would not be achieved unless other members that have not yet registered also attend.

9. The Chair agreed that the Council may need to deliberate such reforms where one potential avenue for doing so could be in the context of the renegotiation of the ITTA.
10. The Producer Spokesperson said he had received information from certain delegations saying they had the best will to participate but lacked resources to pay their travel expenses and had inquired whether it would be possible to participate virtually.
11. The Chair informed the meeting that it was possible that the Deputy Minister of the Ministry of Lands and Natural Resources, Ghana, might also be unable to attend, given that he would be at the COP28. He asked whether there was a possibility of adding a virtual component to the session.
12. The ED reminded that the ITTC 59 was agreed to be a physical meeting. She further responded that it would be technically impossible to add a virtual component due to logistical, facilities cost limitations, particularly given the short time remaining before the ITTC 59 commences. Costs had risen considerably, and ITTO lacked the resources to provide for a hybrid session at this late stage.
13. *3: Adoption of agenda and organization of work.* This item is usually a formality.
14. *4: Report on membership of the Council.* The IAG noted that there has been no change to the membership since 2022. The ED informed the meeting that Canada was in the final stages of re-joining the Organization and would attend the session as an observer.
15. *5: Distribution of votes for the 2024–2025 biennium.* The Secretariat will report on the proposed distribution of votes for 2024-2025. The information is available in the Annex of Document ITTC(LIX)/1.
16. *6: Admission of observers.* The information is listed in Documents ITTC(LIX)/Info.3 and ITTC(LIX)/Info.4. The ED has reviewed the applications and the Council will decide whether to admit these observers.
17. *7: Statement by the ED.* This will be 5-10 minutes in length.
18. *8: Report of the Informal Advisory Group (IAG).* This will be tabled at the first session of Council, as per usual practice. The Council document of the IAG report will be posted on the ITTO website in all three languages prior to the start of the session.
19. *9: Report of the Credentials Committee.* The Credentials Committee will most likely meet several times during the session to review the credentials received prior to and during Council and the delegation of votes.
20. *10: Matters related to Article 19 of the ITTA, 2006.* The report of the Working Group, which is available online, will be presented by the Co-Chair/s of the Working Group.
21. *11: Matters pertaining to Article 44 of the ITTA, 2006:* The report of the Working Group will be presented by the Co-Chairs of the Working Group. This item is on the schedule during all Council Sessions except for during the opening of Council.

22. *12: ITTO Biennial Work Programme.* Under Item 12(a), a general overview will be provided by the Secretariat to Council on the implementation of the 2021-23 Biennial Work Programme (BWP), and additional presentations will be made to the Council and Committees on selected activities under other agenda items, such as on the ITTO Fellowship Programme. Under Item 12(b), the draft BWP 2024-2025 will be presented to Council for adoption.
23. *13: Matters related to Article 15 of the ITTA, 2006 on cooperation and coordination with other organizations.* The ED will present an update to the Council on this item (Council document ITTC (LIX)/9) is available on the ITTO website.
24. *14: Special Account and Bali Partnership Fund.* The Bali Partnership Fund (BPF) currently has only about USD 6000 remaining, and unless new funds are received, there will be no need to convene the Panel on Sub-account B during the session. The Secretariat sought the support of the IAG to include a recommendation to Council in their report that the meeting of the BPF will be convened only when sufficient funds become available. The IAG supported this recommendation.
25. *15: Implementation of ITTO's new financing architecture.* The ED will present to the Council on developments in the implementation of the new financial architecture and the funding raised to date under it. The presentation will be based on that made to the Advisory Board (Council document ITTC (LIX)/11).
26. *16: Reports of the Committees.* The reports, all available on the website, will be presented by the respective Chairs on the final day of the session (Friday).
27. *17: Election of Chairperson and Vice-Chairperson of the Council for 2024.* The Vice-Chairperson for ITTC 59, to be proposed by the consumer caucus, will be nominated, by convention, by the Producer Spokesperson as the incoming Chair. The producer caucus is to propose a new Vice-Chair, who, by convention, would be nominated by the Consumer Spokesperson.
28. The Secretariat noted that several Council officer positions are still vacant. There is currently no Council Vice-Chairperson, which is supposed to be proposed by the consumer caucus; no Chairperson and Vice-Chairperson of the CFA - with the Chairperson to be nominated by the Producer caucus and the Vice-Chairperson by the Consumer caucus. The Secretariat had made inquiries through the respective Spokespersons but had received no proposals to date. Other bodies also required officers, including the Credentials Committee and the Fellowship Selection Panel. By convention, the Vice-Chairperson of the Council chairs the joint session of the committees scheduled on Tuesday, 14 November 2023 and the Fellowship Selection Panel. The ED reiterated the importance of the Consumer Spokesperson liaising with the Consumer caucus in order to propose a Vice-Chairperson to the Council.
29. The ED noted that Panama had offered to serve as Chair of the CFA, but that it lacked the funds to attend the session.
30. The Producer Spokesperson noted that Panama was still seeking resources to attend, but time is short. He is still contacting focal points of other members but to date has received little response. He hopes for good news on this matter within the next week.
31. The Chair said he had received a nomination for the Credentials Committee from Ghana and would forward the name to the Secretariat.
32. *18: Dates and venues of the Sixtieth and Sixty-first Sessions of the Council and the Associated Sessions of the Committees.* ITTC 60 in 2024 will be hosted in Yokohama, likely in early December with dates to be confirmed by Japan and reported to Council. The Secretariat noted that the ITTC 61 should be held in Latin America and the Caribbean, and hopes that a member will volunteer to host the session.
33. *19: Decisions and report of the session.* The draft decisions are discussed below (under agenda item F).
34. *20: Closing of the session.* This agenda item is usually brief. The expectation is that the session will formally close by 2 p.m. on Friday.

35. The Chair said the lack of a nomination for Vice-chair of the Council is worrying. It also makes the situation of the Chair more difficult, but he will soldier on. The ED asked Japan for any insight they may be able to offer on the progress made by the Consumer caucus in proposing a Vice-chair.
36. Mr. Kobayashi informed the IAG that a meeting of the Consumer caucus is scheduled for the following week (the week before the Council session) and the matter would be discussed then.
37. The Chair thanked Mr. Malleux for agreeing to continue as Producer Spokesperson, despite stating several times his preference to retire from the post. He expressed hope that a potential replacement could be discussed at the next meeting of the Producer Caucus.

C. Status of Parties to the Agreement

38. The IAG took note of the report on membership provided in paragraph 14 reporting on agenda item 4 of the Council.
39. The ED stated that Canada had informed the Secretariat that it was in the final stages of re-joining the Organization and may attend the session as an observer. It was possible the process of accession would be completed before the session but remains to be confirmed.
40. The Chair inquired about the status of the United Kingdom, given that it had now left the EU and had not been represented at the previous Council session. The ED reported that she had met a representative of the United Kingdom at the recently convened 3-Basin Summit and had had a good discussion, following on from previous discussion held with UK representatives at the One Forest Summit in Libreville, Gabon in March 2023 and again at the UNFF 18 in May 2023. Re-engagement with ITTO is being discussed on which department or office should have oversight of the Organization. The ED had invited the UK to attend ITTC 59 in the meantime but no registration has been completed/received. The Chair expressed hope that the United Kingdom would be more engaged in the future.

D. Status of contributions to the Administrative Account

41. The ED reported on the status of contributions to the Administrative Account to the Advisory Board at its most recent meeting. The CFA will also review the status of contributions. The Secretariat reported that information on contributions to the Administrative Account was on the ITTO website and was updated whenever a contribution was received. As of 23 October 2023, 23 producer members had not paid their contributions for 2023 (amounting to USD 1.85 million) and two consumer members had not paid (amounting to USD 145,000). The ED reported on having had individual virtual meetings with several members from Latin America in 2022 and Africa in mid-2023 and although several members engaged, assessed contributions/arrears payments are not forthcoming for various reasons.

E. Filling of positions of Council officers/bodies

42. The IAG took note of the urgent vacancies for ITTC 59 (Vice-Chairperson of the Council and CFA Chairperson and Vice-Chairperson) and also noted that four nominations each were required from the Consumer and Producer caucuses for the Credentials Committee for ITTC 59. Two nominations from the Consumer caucus were pending for the Fellowship Panel and three nominations from the Producer caucus (one from each region) were pending for the Panel on Sub-account B and the Bali Partnership Fund. Nominations were also needed for new Vice-Chairpersons for the Council and Committees in 2024. For the Council, the Vice-Chair would be nominated as Chairperson, and Producers would need to make a proposal for a new Vice-Chair for 2024, who, by convention, would be nominated by the Consumer Spokesperson. Nominations were needed from Producers for the CFI/CEM and the CFA Vice-Chairs for 2024 and from the Consumers for the CRF Vice-Chair for 2024. In addition, there were two open positions on the Expert Panel from the Producer caucus, i.e., one from Latin America and one from the Asia Pacific. The Secretariat noted that the Panel on Sub-account B would likely not be convened during the session. It usually comprises Japan, the USA, Switzerland and one representative from each of the producer regions. If that panel is not convened, then no nominations will be needed.

F. Consideration of draft decisions/elements of decisions submitted pursuant to ITTC Decision 7(XXXIII)

43. The IAG considered the draft decisions/elements of decisions prepared by the Secretariat pursuant to ITTC Decision 7(XXXIII) as follows:
- i. Projects, Pre-Projects and Activities [Decision 1(LIX)];
 - ii. Administrative budget for the 2024 and 2025 Financial Biennium [Decision 2(LIX)];
 - iii. ITTO Biennial Work Programme for the Years 2024-2025 [Decision 3(LIX)];
 - iv. Management of the administrative budget [Decision 4(LIX)];
 - v. Matters Related to Article 44 of the ITTA, 2006 [Decision 5(LIX)]; and
 - vi. Youth Advisory Group [Decision 7(LIX)].

Projects, Pre-Projects and Activities [Decision 1(LIX)]

44. The ED stated that, as per usual practice, this decision would detail activities and projects approved and funded by the Council and would be ready before the end of the session. Donor consultations were ongoing, and it is hoped that some projects would likely be funded at the session.

Administrative Budget for the 2024 and 2025 Financial Biennium [Decision 2(LIX)]

45. The ED stated that the proposed budget was unchanged in US dollar terms from the previous biennium.

ITTO Biennial Work Programme for the Years 2024-2025 [Decision 3(LIX)]

46. The ED noted that all activities included in the new BWP were continuing from the 2021-23 BWP.

Management of the Administrative Budget [Decision 4(LIX)]

47. The ED outlined the main elements of this draft decision. It had been prepared by the Secretariat based on discussions and elements agreed to under the relevant Working Group as a basis for discussion in the Council. She said this decision included a pilot trial, to commence in 2024, of a measure to allow those members that were ineligible to submit proposals because they were in arrears to submit one proposal for every two years of arrears paid, accompanied by a payment plan for the remaining arrears if the member is in arrears for more than two years. The trial would span a four-year period, and the Secretariat would report to the CFA each year on its progress. Paragraph 3 of the draft decision would abolish the provisions contained in Decision 7(XXXIII), Annex 1, Part C on measures regarding arrears to the Administrative Account. The ED noted that a number of members were yet to pay their 2023 contributions and were only one year in arrears.
48. The Producer Spokesperson said the Working Group had worked hard and had made recommendations to address the problem of Producer arrears. He asked how the proposed pilot would work: if members paid two years of arrears and were allowed to submit proposals, what was the likelihood that their projects would be funded? It could be that they pay two years of their arrears and submit a project proposal that is not financed.
49. The ED responded that this point was discussed in the Working Group, but no consensus had been reached on providing guarantees for members who start paying their arrears. The Secretariat noted that decisions on what projects and activities to be funded are taken by donors. It was also noted that, even if members made an effort to pay arrears, those that had never had arrears might consider they should be prioritized. The ED said this is a matter for Council's deliberation under the appropriate agenda item and the draft decision could be further discussed in the Chairperson's Open-ended Drafting Group. She noted that one Producer member quite recently paid ten years of arrears and even one year in advance, so it is possible, depending on individual members' willingness and political will to pay.
50. The Chairperson agreed that it is a matter of members showing a willingness to pay their arrears and regular contributions.
51. The ED said it is important for producer members to discuss the matter of political will among themselves and this discussion should continue constructively in the Council.

Matters Related to Article 44 of the ITTA, 2006 [Decision 5(LIX)]

52. The Executive Director noted that no draft of this decision is currently available. The Working Group had addressed the question of whether the ITTA, 2006 should be extended to December 2029 or a renegotiation should commence with a view to agreeing on a new agreement by December 2026. After considerable deliberation, the Working Group decided to recommend that the Agreement be extended until December 2029 where a roadmap with timelines and key elements are being proposed for Council discussions. The Working Group's recommendations would be presented as part of the Working Group's report to the Council. The Working Group had requested that no draft decision be submitted until after the Council has had the opportunity to discuss the Working Group report at Council. The Secretariat would have a skeletal draft ready for when the Council is ready to discuss a draft decision.

Youth Advisory Group [Decision 6(LIX)]

53. The ED introduced this draft decision as a follow-up to matters discussed at the ITTC 58 under the Progress Report on the Implementation of Decision 7(LVII) – Matters related to Article 15 of the ITTA 2006 on cooperation and coordination with other organizations. It is proposed that a Youth Advisory Group (YAG) be created, based on text used and intentions for similar decisions to establish the Trade Advisory Group (TAG) and the Civil Society Advisory Group (CSAG). The International Forestry Students Association (IFSA) was mentioned as an example of a youth constituent, but the proposal is to include others and create an open-ended advisory group to contribute to the work of the Organization. Under the draft decision, an event would be held at the 60th session of the Council to launch the YAG. The draft decision should also refer to ITTO Fellows, which constitutes a considerable resource for the Organization and provided a strong link with young professionals.
54. The Producer Spokesperson said the YAG should be part of the Organization's strategy to promote its policy work and agreed that the draft decision should mention the Fellowship Programme, which itself should be boosted to give more opportunities for young people to contribute to sustainable forest management.
55. Mr. Kobayashi inquired about the necessity to create a youth advisory group in the Council, given that inputs from youth could be provided through usual contacts between the Secretariat and youth groups. He asked about the cost of establishing the YAG, noting that the Organization's budget was very limited, especially given the looming cost of renegotiating the ITTA.
56. The ED said she fully understood the need to be prudent with funds, but the YAG would be a powerful means for increasing ITTO's relevance and visibility. For example, youth are very active on the international platform and on social media. She said many young people were interested in ITTO's work, and youth is an important group to be working with, particularly in the current climate. She had mentioned at the previous session that she would be requesting Council approval to establish a youth advisory group this year, and it would be difficult to explain if this did not happen. She noted that the proposed funds of USD 50 000 might be sufficient to span the YAG's first two years. She suggested various constructive ways in which the group could provide inputs to the Organization's work.
57. The Chair agreed that establishing the YAG was an important step, mentioning that he had seen how other organizations were increasingly involving youth.
58. Mr. Kobayashi asked whether it was necessary to have a group specifically focused on youth when there was a wide range of other interests, such as wood users and academics.
59. The ED responded that the views of wood users are already being obtained through the TAG, and the Organization had ongoing relationships with academia through the International Union of Forest Research Organizations, CIFOR-ICRAF, and several other institutions of further learning. Hence, she saw no special need for an advisory group for academics. Young people lacked a strong voice in some ITTO member countries, and creating the YAG would send a signal that ITTO takes the views of youth seriously, especially when youth have already benefitted from some of ITTO's implemented projects.
60. Mr. Kobayashi queried whether CSAG would be an appropriate platform for involving youth more in the Organization's work.

62. The ED said that although this is possible, it would not give youth a platform of their own. Creating such a platform would boost confidence in the Organization and make it more relevant to the future.
63. The Chair said most IAG members agree that the YAG would help project ITTO in a positive light. Nevertheless, it is an issue that could be further discussed in the Council where obtaining the support of the host nation would be key.
64. The IAG recommended the following list of decisions to be considered for adoption by the Council at its Fifty-ninth Session:
 - i. Projects, Pre-Projects and Activities [Decision 1(LIX)]
 - ii. Administrative Budget for the 2024 and 2025 Financial Biennium [Decision 2(LIX)]
 - iii. ITTO Biennial Work Programme for the Years 2024-2025 [Decision 3(LIX)]
 - iv. Management of the Administrative Budget [Decision 4(LIX)]
 - v. Matters Related to Article 44 of the ITTA, 2006 [Decision 5(LIX)]
 - vi. Youth Advisory Group [Decision 6(LIX)].
65. Draft proposals for these decisions (except the first and fifth) are included in Annex A to this report.

G. Other matters

66. The Secretariat suggested that the Council may wish to consider whether it would be appropriate for appointments to Council positions to be made for bienniums, given the recent problems experienced in filling such posts.
67. The Chair of the CEM/CFI asked whether the Secretariat was able to arrange for delegates to Council sessions to obtain visas on arrival in the country hosting the session, because this was one of the challenges that delegates needed to overcome to attend and one reason for low attendance. For many members, the process of obtaining visas was cumbersome, costly and time-consuming. He noted that his delegation was yet to receive an invitation letter from the host country for the 59th session.
68. The Chair noted that one of the requirements he needed to fulfil to obtain his visa was to provide a police clearance certificate.
69. The Secretariat said they are well aware that obtaining visas is difficult for some countries and they have done and will do whatever they can, but visa requirements are the prerogative of the host country and the Secretariat has no influence on this. The Secretariat has always raised this issue in discussions on Council sessions, but it is ultimately in the hands of the host country.
70. The Chair said he appreciated the support of the Secretariat but it was largely out of its hands. Countries differed in their immigration rules, and most countries had strict requirements for countries in Africa.
71. The ED suggested that another, potentially complementary measure could be for Council to consider moving Council sessions to earlier in the year (for example June or July) when governments still have travel budgets. The latter part of the calendar year is becoming increasingly competitive (including both human and financial resources) due to several other major international meetings taking place in November/December, such as the CBD COPs or the UNFCCC COPs taking place around the same time every year.

H. Adjournment

72. The Thirty-seventh meeting of the IAG was adjourned at 10:30 pm Japan time with a vote of thanks to the Chairperson and participants of the meeting.

ANNEX A

Draft Decisions

Only text of draft Decisions is appended to this Report.

The full text of the draft BWP 2024-2025 can be found in document ITTC(LIX)/8.



INTERNATIONAL TROPICAL TIMBER COUNCIL

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xx November 2023

Original: ENGLISH

FIFTY-NINTH SESSION
13-17 November 2023
Pattaya, Thailand

Draft DECISION 2 (LIX)

ADMINISTRATIVE BUDGET FOR THE 2024 AND 2025 FINANCIAL BIENNIUM

The International Tropical Timber Council,

Recalling the Financial Rules and Rules Relating to Projects of the ITTO, Rule 3.3, which stipulates that Council shall approve and adopt the budget for the Administrative Account through a Council Decision;

Decides to:

1. Approve and adopt the Biennial Administrative Budget for the Financial Years 2024 and 2025 as contained in document CFA(XXXVIII)/2 Rev.1, in the amount of US\$7,104,228 and US\$7,104,278, respectively.

* * *



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FIFTY-NINTH SESSION
13-17 November 2023
Pattaya, Thailand

Draft DECISION 3 (LIX)

ITTO BIENNIAL WORK PROGRAMME FOR THE YEARS 2024-2025

The International Tropical Timber Council,

Appreciating the work of the Secretariat in liaising with Members, the Trade Advisory Group (TAG) and the Civil Society Advisory Group (CSAG) in preparing its proposal to Council on the Biennial Work Programme for the years 2024-2025;

Noting further that activities listed in the Annex to this Decision are derived from the following: (a) ITTA, 2006; (b) the ITTO Strategic Action Plan 2022-2026; (c) the four ITTO Committee Reports to the Fifty-ninth Session of Council; and (d) previous Council Decisions;

Decides to:

1. Adopt the Biennial Work Programme for the years 2024-2025 as contained in the Annex to this Decision;
2. Authorize the Executive Director to seek voluntary contributions from Member Countries and other funding sources to finance implementation of the activities listed in the Annex;
3. Request the Executive Director to implement and/or facilitate the implementation of activities in the approved Biennial Work Programme for the years 2024-2025, as contained in the Annex;
4. Request the Executive Director, as of the date of this Decision, to ensure that future activities to be funded outside the core budget are formulated as Concept Notes and included in the database, or as Council Decisions, in order to assess Member priorities and donor interest and financing, prior to being incorporated into the Biennial Work Programme (BWP).
5. Request the Secretariat to continue to indicate in the BWP how each activity aligns with the Programmatic Line(s); and
6. Request the Executive Director to report to Council on the progress in implementing the Biennial Work Programme for 2024-2025 during the Sixtieth and Sixty-first Sessions of the Council.

* * *

ANNEX

BIENNIAL WORK PROGRAMME FOR 2024-2025 TO BE INSERTED BELOW
IF COUNCIL AGREES TO DECISION



INTERNATIONAL TROPICAL TIMBER COUNCIL

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FIFTY-NINTH SESSION
13-17 November 2023
Pattaya, Thailand

Draft DECISION 4 (LIX)

MANAGEMENT OF THE ADMINISTRATIVE BUDGET

The International Tropical Timber Council,

Appreciating the continuing efforts made by the Executive Director and her staff in exercising cost savings in the expenditures from the Administrative Budget for the year 2023;

Noting with concern the insufficient receipts of contributions to-date from Members to the Administrative Budget for 2023;

Acknowledging that the Working Capital Reserve is made available to meet the shortfall of funds to implement the work programme of the Organization, and that it ensures continuity of basic operations in the event of a temporary shortfall of cash;

Taking into account the serious difficulties faced by some producer members in paying their assessed contributions to the Administrative Budget and/or arrears, and noting the urgency to explore ways to find a sustainable solution to this ongoing challenge;

Recalling Decision 3(LVIII) which authorizes the Executive Director to transfer, if necessary, such as in emergency situations, an amount not exceeding 15% of the approved budget from the Working Capital Reserve annually to the current account in the Administrative Account to meet the shortfall of funds to implement the work programme of the Organization, as well as arrear payments received within the financial biennium;

Further noting the recommendations made by the virtual intersessional working group established under Decision 3(LVII) and extended for one year by Decision 3(LVIII) contained in its report (Document ITTC(LIX)/4) discussed during the 59th Council Session;

Decides to:

1. Adopt a trial measure that allows members that are ineligible to submit project proposals or concept notes, in accordance with ITTA, 2006, Art. 19.8, to be allowed to submit one proposal for every two years of arrears paid provided that a payment plan for the total arrears owed is submitted at the same time. This trial measure will commence on 1 January 2024 for a 4-year period until 1 January 2028;
2. Request the Secretariat to report to the CFA as needed on the progress of the implementation of this trial measure;
3. Abolish the provisions contained in Decision 7 (XXXIII), Annex 1, Part C – Measures Regarding the Arrears to the Administrative Account;

4. Write-off interest incurred on late payments for assessed contributions imposed under the ITTA, 1983;
5. Request members to pay as early as possible, and in full, their contributions to the Administrative Budgets, including for 2023 and 2024, as well as all arrears in contributions from previous years, to prevent further depletion of the Organization's savings through the utilization of the Working Capital Reserve to meet the shortfalls in contributions;
6. Urge the Secretariat to continue to undertake appropriate cost saving and efficiency measures in accordance with ITTO rules, regulations, policies and decisions in relation to current and future Administrative Budgets.

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13-17 November 2023
Pattaya, Thailand

Draft DECISION 6 (LIX) YOUTH ADVISORY GROUP

The International Tropical Timber Council,

Recalling Decision 9(XXVIII) on Enhancing Participation of Members of Civil Society in the Relevant Activities of the ITTO, which established the Trade Advisory Group (TAG);

Further recalling Decision 2(XXXII), which established the Civil Society Advisory Group (CSAG);

Appreciating the continuing contribution of Trade and Civil Society Organizations in the formulation of ITTO Guidelines, Expert Panels, Discussions and other initiatives;

Recognizing the valuable contributions to the ITTO made by the TAG and CSAG, and the contributions that youth groups could make to the ITTO through their own advisory group;

Decides to:

1. Establish a Youth Advisory Group (YAG) and invite youth group representatives, such as the ITTO Fellowship awardees, the International Forestry Students' Association and others, to establish an open-ended Advisory Group to contribute to the work of the Council;
2. Authorize the Executive Director to publish the launching of the YAG, through the ITTO's website, the Tropical Forest Update, and other communications channels, as a means of attracting broader youth group participation in both the YAG and the ITTO's work;
3. Authorize the Executive Director to explore with the YAG opportunities for input and participation during Council Sessions in a manner similar to those of the TAG and CSAG;
4. Encourage the YAG, TAG and CSAG to collaborate on activities, programmes and projects in support of the ITTO Strategic Action Plan 2022-2026;
5. Invite the YAG to organize a panel discussion, relevant to the ITTO Strategic Action Plan 2022-2026, to be held during the Sixtieth Session of the Council; and
6. Authorize the Executive Director to seek voluntary contributions from Member countries to meet the financial requirements of this Decision, and if none are forthcoming, utilize an amount not exceeding US\$50,000.00 from the Working Capital Reserve, to facilitate the participation of Youth Groups in the YAG panel discussion at the Sixtieth Session of the Council.

ANNEX VI

REPORT OF THE JOINT SESSION OF THE COMMITTEES

DOCUMENT: ITTC-JC(LVII)/2



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

**JOINT SESSION OF THE
COMMITTEES**

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REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

**FIFTY-SEVENTH SESSION OF THE
JOINT SESSION OF THE COMMITTEES**

Report on JOINT SESSION OF THE COMMITTEES – ITTC 59th

Item 1 - Report of the Expert Panel for Technical Appraisal of Project Proposals

The Joint Session of All Committees considered the report of the Fifty-eighth Virtual Expert Panel for Technical Appraisal of Project Proposals presented by panel member Ms. Akiko Tabata (Japan), as contained in document ITTC/EP-58

(presentation available at [Presentations](#))

The Fifty-eighth Panel appraised seven (7) proposals, including one proposal (PD 934/23 (F) 'Strengthening the conservation of the critically endangered Rosewood (*Dalbergia* spp.) in Dakrong Nature Reserve and Dong Nai Conservation Landscape, Viet Nam') resulting from a concept note submitted under previous calls for concept notes under ITTO's new financing architecture-phase II in accordance with Decision 4(LVI). The Panel noted that:

- Five (5) project proposals (72 percent of the total) were commended to the Committee for final appraisal with minor modifications required (category 1);
- One (1) project proposal (14 percent of the total) will be sent back to proponents for essential revisions, rated as category 2;
- One (1) project proposal (14 percent of the total) received a category 4, indicating that the Expert Panel does not commend it to the Committee for approval as it requires complete reformulation.

Item 2- Ex-post Evaluation Reports

(A) CEM-CFI Ex-post Evaluation Reports

The Joint Session of All Committees considered the executive summary of the following ex-post evaluation reports as contained in document CEM-CFI(LVII)/4 (all presentations available at [Presentations](#)).

Committee on Economics, Statistics and Markets

- i) PD 599/11 Rev.1 (M) Development and Testing of National Forest Stock Monitoring System (FSMS) with Improved Governance Capabilities at all Levels of the Forest Administration

A presentation was made by the consultant, Mr. Patrick Durst, on the results of his ex-post evaluation of the project PD 599/11 Rev.1 (M). The evaluation found that changes in government policies and staff had made the system developed by the project less useful than anticipated, and made several recommendations (including more rigorous review and possible revision of projects subject to delays in implementation) for both the Philippines and ITTO.

The US delegate took the floor to thank Mr. Durst for his presentation and for highlighting the challenges and lessons learned, including those highlighted in his report on the need for due diligence in terms of the legal and regulatory framework in countries, and the potential for staff turnover to impact project outcomes. The delegate asked how project developers and the ITTO can take these kinds of factors into account in their development and evaluation of the project.

The consultant in responding emphasized the importance of formulating practical assumptions based on an understanding of specific issues within individual countries. This would include ensuring that there was a realistic project timeframe taking into account existing bureaucratic hurdles in the country.

- ii) TFL-PD 037/13 Rev.2 (M) Implementing a DNA Timber Tracking System in Indonesia

A presentation was made by the consultant, Dr. Gan Kee Seng, on the results of his ex-post evaluation of the project TFL-PD 037/13 Rev.2 (M), which had successfully achieved most of its objectives and outputs.

The Indonesian delegate expressed gratitude to the Government of Australia for its financial support to implement the strategic activities of the project related to DNA timber tracking. The delegate elaborated that further work would be undertaken in collaboration with other stakeholders to integrate the DNA database for target species into the existing Indonesia SVLK system to ensure timber legality.

- iii) TFL-PD 044/13 Rev.2 (M) Strengthening of ANAM's Management Capacity to Reduce Illegal Logging and Trade in the Eastern Region of Panama (Bayano and Darien) through Monitoring and Control Mechanisms

A presentation was made by the consultant, Mr. Jorge Malleux, on the results of his ex-post evaluation of the project TFL-PD 044/13 Rev.2 (M). The evaluation showed that the project had successfully attained its objectives and outputs, resulting in the development and funding of a follow-up ITTO project (currently ongoing with support from the government of Japan) to extend the pilot log tracking system from the pilot regions covered in this project to the rest of the country.

Committee on Forest Industry

- i) PD 600/11 Rev.1 (I) Model Capacity Building for Efficient and Sustainable Utilization of Bamboo Resources in Indonesia

A presentation was made by the consultant, Dr. Gan Kee Seng, on the results of his ex-post evaluation of the project PD 600/11 Rev.1 (I), which had successfully achieved all of its objectives and outputs.

The Indonesian delegate thanked the donor countries (Japan, Switzerland and Australia) of the project and provided an update on further work on bamboo development in Indonesia. Activities supported by the project have continued with the support of different donor institutions such as INBAR, ACIAR, ICRAF, other ministries and local government. The delegate informed the Committees that the Government of Indonesia intends to fully realize the potential of bamboo resources to help fulfil its climate targets.

- ii) PD 737/14 Rev.2 (I) Developing Supply Capacity of Wood-based Biomass Energy through Improved Enabling Conditions and Efficient Utilization of Degraded Forest Lands Involving Local Communities in North Sumatra Province of Indonesia

A presentation was made by the consultant, Dr. Gan Kee Seng, on the results of his ex-post evaluation of the project PD 737/14 Rev.2 (I), which had successfully achieved all of its objectives and outputs.

The delegate of Indonesia expressed gratitude to the Government of Japan as the donor country and assured the Committees that policy related issues raised by the project on the development of biomass energy will be further coordinated with relevant ministries.

(B) CRF Ex-post Evaluation Reports

The Joint Session of Committees considered this item. The Committees recalled that a thematic group evaluation of FLR projects was carried out by one consultant [Ms. Suneetha Subramanian, United Nations University Institute for the Advanced Study of Sustainability (UNU-IAS)] to assess the achievements of selected 14 completed and on-going ITTO projects in FLR. The focus of this evaluation was to assess the impacts of integrating gender perspectives, particularly the empowerment of women in these ITTO projects in relation to the ITTO Guidelines for Forest Landscape Restoration in the Tropics and the ITTO Policy Guidelines on Gender Equality and Empowering Women.

The consultant made presentation on the outcome of the assessment of selected ITTO FLR projects. She highlighted the Policy Report titled "Advancing Forest Landscape Restoration in the Tropics: Experiences and Lessons for Socio-Ecological Resilience and Empowerment of Women in the ITTO Projects". Her highlights include the following: Project success relies on embracing local perspectives and inclusive approaches, prioritizing community wellbeing in forest restoration. All initiatives adapt interventions to suit local contexts, evident in extensive consultations with diverse stakeholders. However, only four projects go further by integrating gender-sensitive strategies. This includes training women in activities like tree nursery development, identifying product opportunities, and involving them in monitoring forest landscape restoration efforts.

The Committees took note of the report of the assessment of 14 selected FLR projects contained in document CRF(LVII)/5 and commended the excellent work of the consultant in synthesizing the results of the selected projects and publishing the policy report. The importance of empowerment of local communities and women in forest landscape restoration was highlighted by the Chairperson of the Joint Session of Committees.

Item 3 - CSAG Panel Discussion

This year, the Civil Society Advisory Group (CSAG) also organized a side event, which (among other things) explored the implications of the EUDR for smallholders and community forestry. The topic of the side event was 'Timber governance and trade issues, focusing on small producers in traceable and transparent supply chains—challenges and opportunities'. The speakers were: Laurent Lourdais (Delegation of the EU to Thailand), Chandra Shekhar Silori (RECOFTC), Christine Wulandari (CSAG Indonesia), MASSO Rose Pélégie (CSAG Africa), and Alison Castilho (IEB, Brazil).

Mr. Laurent Lourdais provided an overview of the EUDR. He said the expansion of agricultural land is the main driver of deforestation and this, in turn, is strongly linked to the production of agricultural commodities. The EUDR is designed to exclude from European Union markets commodities linked to such deforestation and also to forest degradation. The EUDR entered into force on 29 June this year, and its obligations for operators and traders will apply from December 2024. He further explained that the EUDR creates mandatory due-diligence rules for all operators that place relevant products on the European Union market or export them from the European Union. One of the requirements is strict traceability linking the commodity to the plot of land where it is produced. A benchmarking system will assign risk categories to countries or regions according to the risk of deforestation, for which data-gathering would start soon.

Dr Chandra Silori outlined some of the challenges that the EUDR presents to smallholders. For example, they will likely be asked to provide more information than before, such as on the geolocation of their land, and there will be more scrutiny on whether they are complying with national laws and regulations. "We see this regulation as promising for reducing deforestation and forest degradation and promoting biodiversity conservation and meeting the SDGs, but there are many challenges on how these will be applied on the ground, especially for smallholders," said Dr Silori.

At the closing of the side event, Mr Hin Keong Chen from TRAFFIC, highlighted the "unique challenges and issues" facing small and medium-sized forest enterprises and community forestry, including requirements for strict traceability and proper documentation. These are compounded by low levels of skills in and awareness of sustainable harvesting and additional costs, among many other challenges, "all of which are affected by low levels of local control and transparency, which raises risks of corruption and illegality, while marginalizing communities from the process and the benefit," according to the statement. The rights of Indigenous Peoples and local communities are unclear in many areas, "obstructing fair and equitable discussions and negotiations". Moreover, "the involvement of women in formal operations is rarely at the decision-making level, and their access to financing is even further removed from their actual needs". Mr Chen concluded the CSAG statement by urging Council members to talk closely with the representatives of Indigenous Peoples, local communities and women's groups present at the session.

During the discussion of the draft reports on 16 November 2023, the delegates of EU made a special request to include report of the CSAG side event be included in the ITTC-59th report.

Item 4 - Annual Market Discussion 2023

The Committees noted the summary of the ITTO Annual Market Discussion – 2023, held in the Joint Session of All Committees as part of the Trade and Markets Day on 14 November 2023, as contained in Appendix A. The theme of the Market Discussion was "Tropical Timber Industry: Challenges and Opportunities from Changing Priorities". Mr. Rupert Oliver (TAG Co-coordinator) moderated the Market Discussion.

The following feature presentations were made during the Market Discussion (available at <https://www.itto.int/ittc-59/presentations/>):

Dr. Preecha Ongprasert
Royal Forest Department, Thailand

Thailand Timber Industry: Challenges and Opportunities from Changing Priorities

Dr. Lyndall Bull
Food and Agriculture Organization of the
United Nations (FAO), Italy

The Role of Forests and Forest Products in a Bioeconomy Transition – Supply and Demand Perspectives

Mr. Stephen Midgley
Salwood Asia Pacific, Australia

Community Engagement and Smallholders as Pillars for Southeast Asian Forest Investment and Regional Wood Supplies

Mr. Nobutaka Isoda, Tsukuba Research Institute
Sumitomo Forestry Co., Ltd., Japan

Mass Timber in the Building industry

Dr. Richard Eba'a Atyi
CIFOR-ICRAF, Cameroon

Smallholder Timber Supply for Domestic and Regional Markets in Central Africa: Importance and Challenges

Mr. Franz-Xaver Kraft
GD Holz Service GmbH, Germany

EU Deforestation Regulation: Implications for Producers and Importers

Mr. Nils Olaf Petersen
European Timber Trade Federation (ETTF)
Germany

EUDR and Actions Taken by ETTF

The presentations were followed by a question-and-answer session with members of the Council. Following the event, Mr. Barney Chan (TAG Co-coordinator) presented the TAG Statement (Appendix B). Presentations made during the 2023 ITTO Annual Market Discussion and the TAG Statement are available at <http://www.itto.int/ittc-59/presentations>.

Summary of Presentations

Preecha Ongprasert, Royal Forestry Department, Thailand

Thailand timber industry: Challenges and opportunities from changing priorities

In 1989 Thailand became the first nation to ban forest logging. This ban altered the structure of the wood processing sector and while slowing the rate of deforestation did little to preserve the kingdom's forests. Income growth in the wood-related industries after the ban was not significantly affected and beginning in the 1990s Thailand has increasingly developed its higher value-added processed wood products. Consequently, the total income generated by wood-based industries continues to grow based on domestic plantation raw material, especially rubberwood and imported timber. Thailand is a net importer of both logs and sawnwood.

Preecha Ongprasert provided a detailed account of the forest resources in the Kingdom, explaining natural forests extend over an area of over 16 million ha., teak plantations cover an area of 329,600 ha., eucalyptus plantation 670,400 ha. and rubber plantations a massive 5 million ha. In addition to domestic timber resources imports are significant.

Ongprasert provided an outline of the laws and regulations on forestry along with an overview of the Thailand National Strategy to enhance marketing and competitive capacity in the domestic and international market. The key challenges identified by Ongprasert include capacity building on SFM, the high cost of certification, the need to adapt to the EUDR and how to improve the livelihoods of smaller holders.

Lyndall Bull, FAO, Rome, Italy

The role of forests and forest products in a bioeconomy transition – supply and demand perspectives.

In this presentation Dr Bull provided an understanding of the environmental imperative to transition to a sustainable bio-economy and outlined the importance of forest products in that transition. She then outlined the major global forest trends related to forest cover, deforestation rates and restoration.

Following this, Dr. Bull outlined the demand drivers influencing global wood demand with a focus on the building and construction sector. Finally, she presented some results from the recently published Global Forest Sector Outlook 2050. This included discussion of the projected increases in demand for wood, including increased use in construction sectors and the likely increase in resource requirements that this will trigger.

Stephen Midgley, Salwood Asia Pacific Pty Ltd

Community engagement and smallholders as pillars for Southeast Asian forest investment and regional wood supplies

Global demand for wood is increasing and fast-growing plantations will remain the major source of industrial round wood. Land for extensive plantations is limited in SE Asia and access to land is a major challenge for plantation expansion in the region: communities and households have land and smallholders have emerged as a vital source of wood and wood fiber.

In aggregate, Asian smallholders are now providing more commercial wood than many of the global "giants" such as British Columbia, Finland and Sweden. Community and smallholder engagement are a normal part of

business in the region. Examples were offered from China, India, Vietnam and Thailand and suggestions provided for future ITTO engagement.

Nobutaka Isoda, Tsukuba Research Institute, Sumitomo Forestry, Japan

Mass timber in the building industry

Mass timber is a category of wood product made by fastening or bonding smaller wood components with nails, dowels or adhesives, and mainly used for structural members. Mass timber is currently mostly made of softwood.

Mass timber can be larger dimension timber products than conventional sawn timber and lends itself to mid-to large-scale buildings such as multi-family residences, schools, and office buildings. Mass timber is engineered for high strength ratings like concrete and steel but is significantly lighter in weight.

The global production of mass timber panels (primarily CLT) in 2019 was estimated at 1.44 million cubic meters (valued at US\$773 million). Global CLT production capacity was estimated at 2.8 million cubic meters in 2020, expanding rapidly and projected to reach 4 million cubic meters by 2025.

Mass timber construction is a 'big wave' to change cities into forests. By increasing mass timber buildings in cities, they become carbon stores just like forests. Isoda said mass timber in the building industry has a very important role towards the realization of a decarbonized society, and he expressed hope that tropical countries would begin to explore its potential.

Richard Eba'a Atyi, CIFOR – ICRAF, Cameroon

Smallholder timber supply for domestic and regional markets in central Africa: importance and challenges

Central Africa's national and regional timber markets are booming. Across the region, rapid population growth, urbanization and economic development are driving an increase in domestic demand for sawn timber, which in many countries is already more significant in volume than demand for industrial timber for export.

However, consumers' purchasing power remains weak, and in general they lack interest in the origin of the timber they buy – two important considerations that contribute to the prevailing informality of local markets. Domestic demand is mostly met by artisanal loggers, who are quite well organized, yet operate outside of existing legal frameworks.

These people operate outside of existing legal frameworks because in most countries the procedures to produce legally are complex and expensive and in some the issuance of permits to small scale operators has been suspended.

The informal logging sector creates many jobs and generates significant revenues in both rural and urban areas. In Cameroon, for instance, chainsaw milling provides 45,000 direct jobs and generates more than 20 billion FCFA (\$33 million) in revenues, according to a study led by the Center for International Forestry Research (CIFOR). But these jobs are precarious. Because small-scale timber producers lack legal protection, they have irregular incomes, and their activities are vulnerable to corruption and authorities' abuse.

Small-scale timber production is largely neglected by existing forest governance regimes, which are designed to meet the needs of the industrial sector. This situation makes it difficult to adopt policies that can seriously reduce the environmental impact of artisanal logging. The biggest challenge is to overcome the inability of governments to stimulate legal trade.

Franz-Xaver Kraft, GD Holz Service GmbH, Germany

EU Deforestation Regulation (EUDR): Implications for producers and importers

Kraft introduced the timeline for implementation of the EUDR and immediately identified an issue of concern. The EUDR applies to wood harvested after 29 June 2023 and placed on the EU market after 30 December 2024. It was emphasized that exporters need to start collecting information now so that wood can be imported into the EU after the cutoff date.

The obligations of importers include having to apply a due diligence system (DDS) prior to placing imported wood on the market. The DDS must cover issues such as deforestation, forest degradation and harvesting in accordance with local laws.

Importers must prove that products do not originate from land where deforestation or forest degradation occurred after 31 December 2020. Satellite images, official documents, certification or audits could serve as evidence, among others. It was stated that there is no exemption for wood covered by FLEGT or CITES. FLEGT can serve as evidence of legality but evidence of no deforestation or forest degradation still needs to be proven.

Turning to information required to successfully fulfil the EUDR, it was pointed out that importers will have to heavily rely on the assistance of producers. These need to provide geo-coordinates of all plots of land where wood was harvested, date of harvest, scientific name of the timber, evidence that the wood was harvested legally and evidence that the wood doesn't originate from a plot of land where deforestation or forest degradation have occurred after 31 December 2020. For so called 'high-risk-countries', additional information and risk mitigation measures may be necessary. If this information is not available, EU customs authorities will not allow the wood to enter the EU.

To conclude, Kraft said: "Nobody is better prepared for this regulation than [large] forestry enterprises in the tropics as they already use GIS systems, have documents proving compliance and have experience with the EUTR".

Nils Olaf Petersen, ETTF, Germany.

EUDR and actions taken by the European Timber Trade Federation (ETTF)

The European Timber Trade Federation (ETTF) represents timber product importers' interests across Europe, as well as non-importing merchants, distributors and traders. The ETTF operates on a united base representing and lobbying on behalf of the entire industry to national and EU authorities and key decision makers in the marketplace. The ETTF comprises 15 member EU timber associations and federations. The ETTF has been active providing information on the EUDR to its members and supplier countries through webinars, newsletters and workshops and has regularly conducted stakeholder consultations and communicated with stakeholders in other commodity sectors.

Petersen emphasised that, for timber harvested after June 2023 and placed on the EU markets after 2024, the EUDR applies so that it is important that suppliers and importers work together to gather the required information. The ETTF is of the opinion that the timber industry needs a much longer transition period to allow suppliers and importers to be confident in satisfying the requirements of the EUDR to avoid timber shipments being seized and companies being penalised and/or blacklisted. On implementation, the ETTF has called for a harmonized system within the EU that supports fair competition.

The process of implementation and enforcement by EU member countries is still evolving but what is clear in the EUDR is that any person can declare a concern and that the authorities are obliged to investigate immediately, which may lead to uneven application (e.g. some countries have more active NGOs). Petersen noted there is no exemption from the EUDR for wood products shipped with FLEGT licenses or CITES certificates.

The European Commission has indicated that the conditions for satisfying the EUDR will vary according to a ranking system for different countries under three categories, Low risk, standard risk and high risk. Depending on the ranking decided by the European Commission, differing standards in fulfilling due diligence requirements will be applied. When the EUDR entered into force in June 2023 all countries were classified as standard risk. At the end of 18 months the Commission will classify countries and parts thereof as low or high risk and publish this list.

Petersen concluded "No sector is better prepared than the forestry sector but currently no-one is well prepared" adding, "it will be extremely difficult for many supplier countries and EU importers to comply with the EUDR especially the smaller companies". Especially transferring the regulation into practice remains a challenge as many practical questions are still unanswered. During the presentation it was pointed out that trade federations were only involved in the development of the EUDR at a quite late stage.

The aim of the regulation, to avoid deforestation and forest degradation, is undebatable and welcomed by ETTF stakeholders. Regarding its implementation there are some serious challenges and now trade federations need to collaborate closely to prevent further damage to their members.

Discussion and interventions

A delegate from Ghana stated that mass timber in construction is the future but that mass timber products are not popular in Ghana for house building because they are perceived as being susceptible to fire. He asked

Nobutaka Isoda, who spoke on mass timber in the building industry, if mass timber products can be made fire resistant. Isoda responded saying most countries have fire regulations for building products and suggested that Ghana could import mass timber products. He also said that timber can be treated to offer fire resistance but most of the fire resistance comes from the ability of large pieces of engineered wood to resist all but the hottest fires, usually with only charring of the surface of the wood.

The delegate from Ghana further commented that the EUDR appears to be an attempt to influence governance in producer countries. The delegate asked for clarification on how timber harvested from trees planted on land on which the forest cover was destroyed by fire would be dealt with under the EUDR and (given the implications of the EUDR) if countries should continue efforts to meet the requirements of the EUDR.

Responding to the first question on marketing of wood from plantations grown on land where there was fire damage of the natural forest a speaker from the ETTF said the EUDR is not flexible and as it stands now, timber from trees planted on land which was once forest but was destroyed by fire would not meet the requirements of the EUDR.

Regarding whether countries with VPAs should continue pursuing FLEGT licensing a speaker from the ETTF said emphatically, yes, it would be advisable to complete the process adding that he has observed improvement in monitoring capacity, governance and sustainability as countries move to FLEGT licensing and this will help in meeting the requirements of the EUDR. Also, the legality requirements of the EUDR can be addressed through the FLEGT process. He added that no country pursuing FLEGT should forget that it will help reduce the burden of information requirements under the EUDR.

A delegate from Vietnam commented on the lack of linkage between the EUDR and the EUDR. He pointed out that Vietnam has committed considerable resources preparing for the VPA but now the focus in Vietnam is the EUDR. He requested that preference should be given to those countries that are trying to conclude VPAs and are still actively preparing for their implementation.

On the enforcement of the EUDR, the delegate from Vietnam pointed out that timber supply chains can be very complicated. He said that Vietnam uses domestic acacia and rubberwood and imported timber from over 100 countries for the manufacture of wood products for export to the EU. The domestic timber is supplied by small landowners, many of whom cannot read or write. He wondered how can they be expected to understand the requirements of the EUDR and provide geo-coordinates for the harvested wood and how can Vietnamese importers obtain geo-coordinates for the vast number of species imported from around the world to prove they are deforestation free? He commented that there is not enough time to prepare for the EUDR given the complexity of the sector.

The Market Discussion Chair commented that many in the timber trade were startled by the time scale for implementation of the EUDR. For large companies which have the financial and manpower resources it may be possible but for small operators it will be very difficult, especially where there are complex supply chains.

Both speakers from the ETTF shared the concerns of the delegate from Vietnam but did not have a solution. One indicated that he is aware the EC has some initiatives to work with smallholders but has no details, adding that it is important for domestic timber associations to aid small scale suppliers. He added that support for small scale suppliers is also a challenge in Germany where forest ownership is very scattered with thousands of forest owners with just one or two hectares, a problem shared by other European countries. He added that the EC needs to be aware of this and provide a precise guidance document.

On Vietnamese overseas suppliers the speaker from the ETTF recommended that all overseas suppliers be advised on what information and documentation they will need to provide so the requirements of the EUDR can be satisfied.

The representative from the IWPA asked if any studies existed on the potential economic impact of the EUDR or impact on consumer demand and also whether studies have been done on the potential impact of the EUDR on small and medium-sized enterprises.

The Market Discussion Chair said he was unaware of any economic analyses except for the fitness test conducted by the EC. This, he said, indicated that the costs of implementation were believed to be quite low but it was unclear if the private sector was consulted.

The speaker from the ETTF considered the work done by the EC insufficient and fears that some products may disappear from the EU market because the supply chains are too complex making it impossible to gather the required information to satisfy the EUDR.

To give an example on costs he quoted an example from Germany where creating an IT-based due diligence system for the EUDR was estimated to cost up to 400,000 euros, and this was only the development cost. He added an SME could not afford such a system and it would also be very difficult for them to afford the extra staff to maintain a robust system. He informed the meeting that he understands the EC is planning an impact assessment at some time in the future.

The delegate from Australia thanked the speakers for drawing attention to the supply and demand challenges presented by the EUDR as this issue is under-appreciated. He added that efforts to change negative perceptions of tropical wood need to be undertaken and that Australia appreciates the international efforts of ITTO and FAO in this regard.

A delegate from Ghana made an intervention saying Ghana is on the brink of issuing the first FLEGT license in Africa which should be a reason to celebrate but satisfaction has been replaced by frustration as achieving FLEGT licensing has been diminished by the EUDR which does not recognize FLEGT licenses, CITES or certification.

He added that Ghana was convinced there were synergies between FLEGT and certification and first thought FLEGT would be simple but eventually realized it involved considerable domestic reforms, not just on legality but also on SFM. He commented that the EC has adopted the EUDR and relegated the VPA and asked what reason Ghana now has to celebrate. He next turned to the risk ranking of countries to be determined by the EC and asked what benchmark will be used and whose law and/or judgement will be applied.

On development of plantations, he agreed that this is the future but there is an issue of finding enough land to plant trees on. In Ghana there are degraded forests but future plantation timber from such land will not be accepted under the EUDR, so the country is in a quandary. As a final comment he reminded delegates that the extractive industries (e.g. mining, oil/gas, etc.) are a major source of deforestation, but the EUDR does not cover these industries. He requested clarification as to why are these sectors not included in the EUDR.

At the end of the discussion a delegate from the EC intervened reminding everyone of the international commitment to end deforestation by 2030, adding that the EUDR is an environmental measure designed to help achieve this objective. He said that he had taken note of concerns regarding smallholders, stating that this issue has been raised by some authorities but when the EC held discussions with smallholders (notably within the multistakeholder forum), they were usually positive and claimed they could see the benefits from the EUDR.

He commented that FLEGT negotiations are ongoing with many partners and with some the EC is far from reaching the license stage; therefore, it is not possible to say countries should continue pursuing FLEGT as it is not appropriate for all countries.

On the issue of guidance documents raised by speakers from the ETTF the delegate from the EC indicated the Commission was ready to address this, adding that FAQ are readily available and regularly updated. He confirmed that there will be an impact assessment of the EUDR at some point in the future.

On the potential impact of the EUDR, the delegate from the EC stated that assessments have been undertaken in Thailand, Laos and Malaysia and the conclusions for some were quite positive. In Thailand, for example, where rubber is a major commodity under the EUDR, the impact assessment showed that the Thai authorities are already well prepared.

He added we should not overestimate the difficulties. We know there will be some but through cooperation with the EC/EU, they should be manageable. He concluded that the regulation has now been passed so we should all work together to make sure the timber trade is not negatively impacted.

Trade statement

Mr. Barney Chan (TAG Co-coordinator) read out a prepared statement to participants attending the Market Discussion. This statement is appended as it was presented in Appendix B.

Theme for 2024 Annual market discussion

The Trade Advisory Group (TAG) decided to defer its decision on the theme for the 2024 Annual Market Discussion. A theme will be conveyed to the ITTO.

Item 5 - Policy Work under the Committee on Economics, Statistics and Markets

(i) Market Access

The Secretariat reported on developments relating to market access for tropical timber in 2022, including on four major legislative instruments: the EU Timber Regulation/EU Deforestation Regulation, the U.S. Lacey Act Amendments, the Illegal Logging Prohibition Act of Australia and the Clean Wood Act of Japan, which are regulating timber entering into these markets. In addition, the update also covered legislative developments in other important timber markets, namely: the Korean Revised Sustainable Use of Timber Act, Chinese Forest Law Amendment and Viet Nam – EU VPA/FLEGT Agreement, as well as the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

(ii) Forest and Timber Certification

The Secretariat reported on recent developments in forest certification in ITTO producer member countries. In 2022, the total area of certified forests (FSC + PEFC) in ITTO producing members was 38.1 million hectares, an increase of 2% from 2021, accounting for 8.5% of the world total. The number of chain of custody (CoC) certificates in ITTO producer countries increased 8.8% to 5,484 in 2022 which accounted for 8.6% of the total in the world. The FSC certified forest area in ITTO producer countries reached 22.4 million hectares which was 14% of global FSC certified area, while the PEFC certified area reached 15.7 million hectares, accounting for about 5.4% of the world total of PEFC. 9 national certification schemes endorsed by PEFC as of 2022 were: CERFLOR of Brazil, MTCC of Malaysia, IFCC of Indonesia, PAFC of Gabon and NCCF of India, VFCO of Vietnam, PAFC of Cameroon, PAFC Congo Basin of Republic of Congo, and F.T.I. of Thailand.

The delegate of India informed the Committees of its efforts towards sustainable forest management, noting that international organizations such as ITTO are the best platforms to promote global standards for certification and bring national certification schemes more recognition.

(iii) APEC EGILAT and ITTO collaboration

The Secretariat reported the participation of ITTO at the 23rd and 24th APEC EGILAT meetings and the Capacity Building Workshop on Tools and Technology for Timber Legality convened back to back with the EGILAT 24th Plenary Meeting. At the APEC EGILAT 23rd plenary meeting, ITTO delivered a presentation entitled 'Strengthening Community Forest Enterprises for Sustainable Tropical Wood Use' through a video presentation. At the APEC EGILAT 24th plenary meeting, ITTO made a presentation to discuss the promotion of sustainable wood use (SWU) in domestic markets of ITTO member economies. ITTO briefed the experts on the progress of SWU projects implemented in Viet Nam [PD 922/21 Rev.1 (I)], Thailand [PD 926/22 Rev.1 (I)], Indonesia [PD 928/22 Rev.1 (I)], and the preparation of a new similar project in Malaysia. At the capacity building workshop, ITTO shared information with the workshop's participants on the findings of ITTO activity (PP-A/56-342B) on analysis of timber legality assurance systems in China and Viet Nam.

The delegate of USA welcomed ITTO's participation and valuable contributions to the APEC Expert Group on illegal logging and associated trade over the past several years, particularly the presentations of ITTO at the 23rd and 24th APEC-EGILAT Plenary meetings and its associated workshop on tools and technologies for timber legality.

(iv) Progress report on Independent Market Monitoring of FLEGT-licensed timber

The Secretariat noted that this long-running EU-funded project was now complete. Several challenges were faced by the project over its nine-year duration, including the slower than expected pace of FLEGT licensing, delays due to the ITTO impairment and Covid, and difficulties in discerning impacts of FLEGT licensing from other global macro-economic trends on EU timber markets. Despite these challenges, the project had successfully attained all of its objectives and outputs. The Secretariat thanked the EU for their support for the project, and for selecting ITTO to implement it. The lead consultants (Sarah Storck and Rupert Oliver) were then invited to make a presentation (available at <https://www.itto.int/ittc-59/presentations/>) on key project outcomes, lessons learned and recommendations.

- (v) Selected ongoing activities under the Legal and Sustainable Supply Chain (LSSC) programme

The Secretariat noted that a report on the LSSC programme, along with other relevant programme areas under ITTO's new financing architecture, would be provided to Council regularly under the relevant Council agenda item.

Item 6 Policy Work under the Committee on Forest Industry

- (i) Analysis of TLAS and Good Forestry Practices in China and Vietnam

The Secretariat reported the completion of BWP activity PP-A/56-342B 'Analysis of timber legality assurance systems and good practices in China, Myanmar, and Viet Nam for sustainable timber trade' implemented by the Institute for Global Environmental Strategies (IGES), funded by the Government of Japan. The scope of the project was refocused on case studies in China and Vietnam due to problems with undertaking activities in Myanmar. The project completed studies in China and Vietnam and produced four technical reports: i) Legislation and other initiatives for legal timber trade in China; ii) Status of Timber Legality Verification by Business Entities in China; iii) Viet Nam's timber exports to Japan during 2018–2021 with a focus on products made using imported high-risk species; and iv) Viet Nam's plantation timber supply chain: good practices to promote legal and sustainable timber products. Two summaries of technical reports for business entities were also produced. An online public seminar, with 210 participants from 15 countries, was held on 31 March to disseminate the project results.

The delegate of Japan thanked ITTO for coordinating the successful implementation of the project that contributed to enhancing international stakeholders' understanding of the legal and sustainable timber trade. In close collaboration with ITTO, Japan's Forestry Agency is actively sharing the project' results through different events and media.

- (ii) Promotion of Sustainable Wood Use in Domestic Markets

The progress of the sustainable wood use (SWU) projects, funded by the Government of Japan, implemented in Vietnam [PD 922/21 Rev. 1 (I)], Thailand [PD 926/22 Rev. 1 (I)]; and Indonesia [PD 928/22 Rev.1 (i)] were reported to the Committees by the respective project coordinators. The Secretariat reported that a new SWU project, also to be funded by the Government of Japan, will begin implementation soon in Malaysia, following its funding at this session.

The ITTO Secretariat also reported on the completion of BWP activity PP-A/53-323H on the development of a policy brief on sustainable wood use in selected countries of Southeast Asia Region, namely Vietnam, Thailand and Indonesia, based on the work of the sustainable wood use projects currently being implemented.

Mr. Rupert Oliver (Co-coordinator, Trade Advisory Group) took the floor to emphasize the need for more data on consumption and use of tropical wood in domestic markets of tropical countries. He explained that if the said data is not available, the development of efficient policy measures to ensure the efficient use of forest resources to maximize value is impaired. There is a need for targeted research on products that have direct applications in domestic markets, particularly for lower value material. The TAG recommended that ITTO continue to develop capacity for regular research into domestic markets in tropical countries.